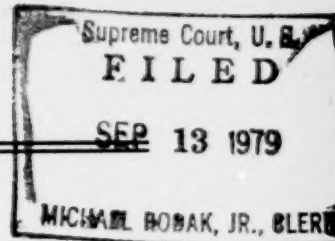


79-1831



In The  
**Supreme Court of the United States**

OCTOBER TERM, 1979

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No. 78-1381

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HESSTON CORPORATION,  
*Petitioner,*

vs.

DEERE & COMPANY,  
*Respondent.*

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**SUPPLEMENTAL AND REPLY BRIEF  
FOR PETITIONER**

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## INDEX

New Cases on Synergism Question .....	1
The Constitution Sets No Conditions or Tests for Patentability .....	2
Synergism Conflict Must Be Resolved .....	3
Experimentation Conflict Must Be Resolved .....	4
Patentability of Combination of Old Elements Must Be Resolved .....	5
Conclusion .....	6

### Appendix—

Decision in <i>Champion Spark Plug Company v. The Gyromat Corporation</i> , ..... F.2d ....., No. 78-7556 (2nd Cir. July 2, 1979) .....	A1
Decision in <i>Plastic Container Corporation v. Continental Plastics of Oklahoma, Inc.</i> , ..... F.2d ....., No. 77-1753 (10th Cir. August 8, 1979) ....	A25

## Citations

### CASES

<i>Anderson's-Black Rock Inc. v. Pavement Salvage Co.</i> , 396 U.S. 57, 90 S.Ct. 305, 24 L.Ed.2d 258 (1969) .....	3
<i>Champion Spark Plug Company v. The Gyromat Corporation</i> , ..... F.2d ....., No. 78-7556 (2nd Cir. July 2, 1979) .....	1, 2, 5, 6
<i>Deere &amp; Co. v. Hesston Corp.</i> , 593 F.2d 956 (10th Cir. 1979) .....	2
<i>Graham v. John Deere Co.</i> , 383 U.S. 1, 15 L.Ed.2d 545, 86 S.Ct. 684 (1966) .....	2, 3, 5, 6

<i>Great A. &amp; P. Tea Co. v. Supermarket Equipment Corp.</i> , 340 U.S. 147 (1950) .....	5
<i>Plastic Container Corporation v. Continental Plastics of Oklahoma, Inc.</i> , ..... F.2d ....., No. 77-1753 (10th Cir. August 8, 1979) .....	1-2, 6
<i>Republic Industries, Inc. v. Schlage Lock Co.</i> , 592 F.2d 963 (7th Cir. 1979) .....	2, 6
<i>Robbins Co. v. Lawrence Manufacturing Co.</i> , 482 F.2d 426 (9th Cir. 1973) .....	4
<i>Sakraida v. Ag Pro, Inc.</i> , 425 U.S. 273, 96 S.Ct. 1532, 47 L.Ed.2d 784 (1976) .....	5
<i>True Temper Corp. v. CF &amp; I Steel Corp.</i> , ..... F.2d ....., Nos. 76-2106, 76-2107 (10th Cir. May 31, 1979) .....	2
<i>Yarn Processing Patent Validity Litigation, In Re</i> , 498 F.2d 271 (5th Cir. 1974) .....	4, 6

#### CONSTITUTIONAL PROVISIONS AND STATUTES

U.S. Constitution, Article I, Section 8, Clause 8 .....	2
35 U.S.C. § 101 .....	3
35 U.S.C. § 102 .....	3
35 U.S.C. § 103 .....	3, 5

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### SUPPLEMENTAL AND REPLY BRIEF FOR PETITIONER

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#### NEW CASES ON SYNERGISM QUESTION

Attention is respectfully called to two recent decisions, as yet unpublished, both material to the controversial doctrine of the requirement for synergistic results in patent claims calling for a combination of elements.

Reproduced in the Appendix hereof at page A1 is the decision in *Champion Spark Plug Company v. The Gyromat Corporation*, ..... F.2d ....., No. 78-7556 (2nd Cir. July 2, 1979) and at page A25 the decision in *Plastic*

*Container Corporation v. Continental Plastics of Oklahoma, Inc.*, ..... F.2d ....., No. 77-1753 (10th Cir. August 8, 1979).

In *Plastic Container*, supra, the court noted that the guidelines set by this Court in *Graham v. John Deere Co.*, 383 U.S. 1, 15 L.Ed.2d 545, 86 S.Ct. 684 (1966) "do not require that, for a combination of elements to be non-obvious, the result achieved by the combination must be synergistic." Cited in support are *Champion*, supra and *Republic Industries, Inc. v. Schlage Lock Co.*, 592 F.2d 963 (7th Cir. 1979). The court noted that its decision in the 10th Circuit *Plastic Container* case is in conflict with the prior 10th Circuit decision of *Deere & Co. v. Hesston Corp.*, 593 F.2d 956 (10th Cir. 1979) to which this Petition is directed, as well as the prior 10th Circuit decision of *True Temper Corp. v. CF & I Steel Corp.*, ..... F.2d ....., Nos. 76-2106, 76-2107 (10th Cir. May 31, 1979) (Appendix pp. A59-A60).

Therefore, with the Second Circuit (*Champion*) following the Seventh Circuit (*Republic*) and with the Tenth Circuit (*Plastic Container*) now reversing itself in support of *Champion* and *Republic*, it is essential that the synergism question in conflict among the courts be reviewed by this Court.

#### THE CONSTITUTION SETS NO CONDITIONS OR TESTS FOR PATENTABILITY

Respondent first raised in its Brief In Opposition the argument that, to be valid, patents must pass a so-called constitutional test of synergism (pp. 13, 14). On the contrary, the Congress is simply authorized by the Constitution "To promote the progress of . . . useful arts, by securing for limited times to . . . inventors the exclusive right to their . . . discoveries." Art. I, § 8, Cl. 8.

As stated by this Court in *Graham v. John Deere Co.*, 383 U.S. 1, 6, 15 L.Ed.2d 545, 550, 86 S.Ct. 684 (1966):

Within the scope established by the Constitution, Congress may set out conditions and tests for patentability.

In the 1952 Patent Act, the Congress set out the conditions in three sections: Novelty and Utility in 35 U.S.C. §§ 101 and 102; Non-Obvious Subject Matter in 35 U.S.C. § 103 (383 U.S. 1, 12, 13). None relate to or suggest a synergistic condition or test. Nor did this Court, in setting out the tests under § 103, suggest synergism as a new condition for patentability (383 U.S. 1, 17, 18).

Respondent is, therefore, plainly *wrong* in raising the argument that the Constitution sets out conditions or tests for patentability, much less a condition or test of synergism. It would be equally wrong in contending that the Congress set out synergism as a test of patentability.

To no avail, respondent quotes this Court at length from *Anderson's-Black Rock, Inc. v. Pavement Salvage Co.*, 396 U.S. 57, 90 S.Ct. 305, 24 L.Ed.2d 258 (1969), and from *Graham v. John Deere Co.* (pp. 13, 14) in support of its novel contentions. In neither instance is synergism mentioned, implied or remotely suggested as a condition or test for patentability. On the contrary, the lower courts remain confused and in dispute as to the meaning and relevancy of the "synergistic result" theory.

#### SYNERGISM CONFLICT MUST BE RESOLVED

Respondent does not deny that the patents in issue were invalidated for alleged failure to claim a synergistic result. It contends, however, that such ground was secondary (p. 12). To thus beg the issue presents no ground



for denial of review herein; it merely raises the novel immaterial question of primary vs. secondary bases for the decisions below.

Nothing is gained by effort to speculate as to which ground the courts below considered to be most important; the decisions provide no clue. Material only is the fact that the argument thus presented fails as a proper attack on the synergism question presented for review by petitioner.

#### **EXPERIMENTATION CONFLICT MUST BE RESOLVED**

Still another novel argument by respondent is that questions presented for review need not be considered if the Circuit Court on appeal does not specifically cite a case relied on by the District Court. The trial court selected a decision outside its circuit, *Robbins Co. v. Lawrence Mfg. Co.*, 482 F.2d 426 (9th Cir. 1973) in conflict with other circuits, including the Tenth Circuit.

The Court of Appeals for the Tenth Circuit affirmed, thereby adopting the *Robbins* rule on experimental use which conflicts fully with the rule in *In Re Yarn Processing Patent Validity Litigation*, 498 F.2d 271 (5th Cir. 1974). In its opinion, stating "prior sale or use under § 102(b) . . . (is) supported by the evidence", the Appellate Court unquestionably selected the new rule of the Ninth Circuit (593 F.2d 956, 963 (10th Cir. 1979) (Appendix to Petition p. A39).

Citation by the Court of Appeals of the case relied upon by the District Court is clearly unessential and the lack of citation is entirely immaterial to the experimental use question herein presented.

#### **PATENTABILITY OF COMBINATION OF OLD ELEMENTS MUST BE RESOLVED**

Still another argument raised for the first time in the Brief in Opposition is the controversial doctrine concerning patentability of a combination (which may, of itself be novel) of old elements (p. 12).

If, in fact, it is the rule of this Court (e.g. *Great A. & P. Tea Co. v. Supermarket Equipment Corp.*, 340 U.S. 147), that a number of elements, of themselves old, cannot be united in a new and patentable combination, then here again, that doctrine is also not being universally followed.

In *Champion*, supra, the Second Circuit refused to adhere to any such concept. It was observed, quite logically, that "most, if not all inventions involve a combination of old or known elements". Rejected was the contention that this Court, by dicta, in *Sakraida v. Ag Pro, Inc.*, 425 U.S. 273, 96 S.Ct. 1532, 47 L.Ed.2d 784 (1976) overruled *Graham v. Deere*, 383 U.S. 1, 86 S.Ct. 684, 15 L.Ed.2d 545 (1966) (Appendix pp. A23-A24).

Therefore, according to *Champion*, *Graham v. Deere*, 383 U.S. 1 (1966) established that the statutory test for nonobviousness is 35 U.S.C. 103 and set forth the analytical guidelines for that test, (1) whether or not the united elements of the combination are old and (2) whether or not synergism results from the combination. Our Petition is predicated on the fact that in this case, as in many other circuits, because of confusion and misinterpretation, the courts have lost sight of the *Graham* decision and the principles therein laid down.

## CONCLUSION

This Court should now declare that it has not overruled *Graham* such that all courts can arrive at uniform decisions couched in the careful language found in *Champion*, *Plastic Container*, *Republic* and *Yarn Processing*, and setting forth logical, fundamental patent law concepts which have remained so highly controversial since *Graham*. There have been widely divergent interpretations of many of the decisions handed down by this Court before and after *Graham*. Such conflict with *Graham* has given rise to widespread confusion and misunderstanding. Had the lower courts below carefully considered the patent claims in issue (rather than merely "summarize" their contents as respondent admits), in light of *Graham*, the sweeping invalidity decision could not have possibly been supported by the facts. After 13 years since *Graham* it is timely once again for this Court to provide clarifying assistance and direction with respect to the questions presented by petitioner.

Respondent's arguments lend support to this Petition rather than effectively disclose any matter or ground why this cause should not be reviewed by this Court.

Respectfully submitted,

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## APPENDIX

### UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

No. 823—August Term, 1978.

(Argued May 3, 1979                      Decided July 2, 1979.)

Docket No. 78-7556

CHAMPION SPARK PLUG COMPANY,  
*Plaintiff-Appellee,*

-v.-

THE GYROMAT CORPORATION,  
*Defendant-Appellant.*

Before:

GURFEIN and MESKILL, *Circuit Judges,*  
and MILLER, *Judge.\**

Appeal from the judgment of the United States District Court for the District of Connecticut (the Hon. John O. Newman, *Judge*) entered on plaintiff-appellee's action for a declaratory judgment. Following a nonjury trial, the district court declared claims 5 and 6 of defendant-appellant's patent invalid and unenforceable.

*Reversed.*

\*The Honorable Jack R. Miller, United States Court of Customs and Patent Appeals, sitting by designation.

FRITZ L. SCHWEITZER, JR., Mandeville and Schweitzer,  
New York, N.Y., for Appellants.

VINCENT L. BARKER, JR., Toledo, Ohio (David D. Murray and Mark C. Schaffer, Barker, Emch, Schaffer & Todd Co., L.P.A., Toledo, Ohio, of counsel),  
for Appellee.

MILLER, Judge:

This appeal is from the decision and judgment (unreported) of the District Court for the District of Connecticut declaring invalid and unenforceable claims 5 and 6 of U.S. Patent No. 3,219,276 ("Plural Nozzles Having Intersecting Spray and Control Therefor"), issued November 23, 1965,<sup>1</sup> to Edward O. Norris, whose rights to the patent were acquired by appellant from the Norris estate following his death in 1968.<sup>2</sup> We reverse.

#### *The Invention*

The invention relates to fluid (e.g. paint) spraying devices. The essential features, insofar as the involved claims are concerned, are illustrated in Figure 1 of the patent. Devices 29 are spray gun nozzles which issue a fine spray of highly charged particles (e.g. paint) toward a workpiece 44 to be sprayed. In order to spray the surface of a large workpiece, electrostatic spray guns 27 are moved up and down by means of a reciprocator slide 15. As they move up and down (in relation to a stationary source of spray fluid), the pressure of the

1. On application No. 230,867, filed October 16, 1962. Reduction to practice occurred in late December of 1961.

2. Champion Spark Plug Company ("Champion") initiated the action for a declaratory judgment that the Norris patent was invalid and unenforceable. The Gyromat Corporation ("Gyromat") counterclaimed for patent infringement. Champion conceded infringement of the patent was valid.

[Numbers of other elements of the apparatus have been deleted in the interest of simplification.]

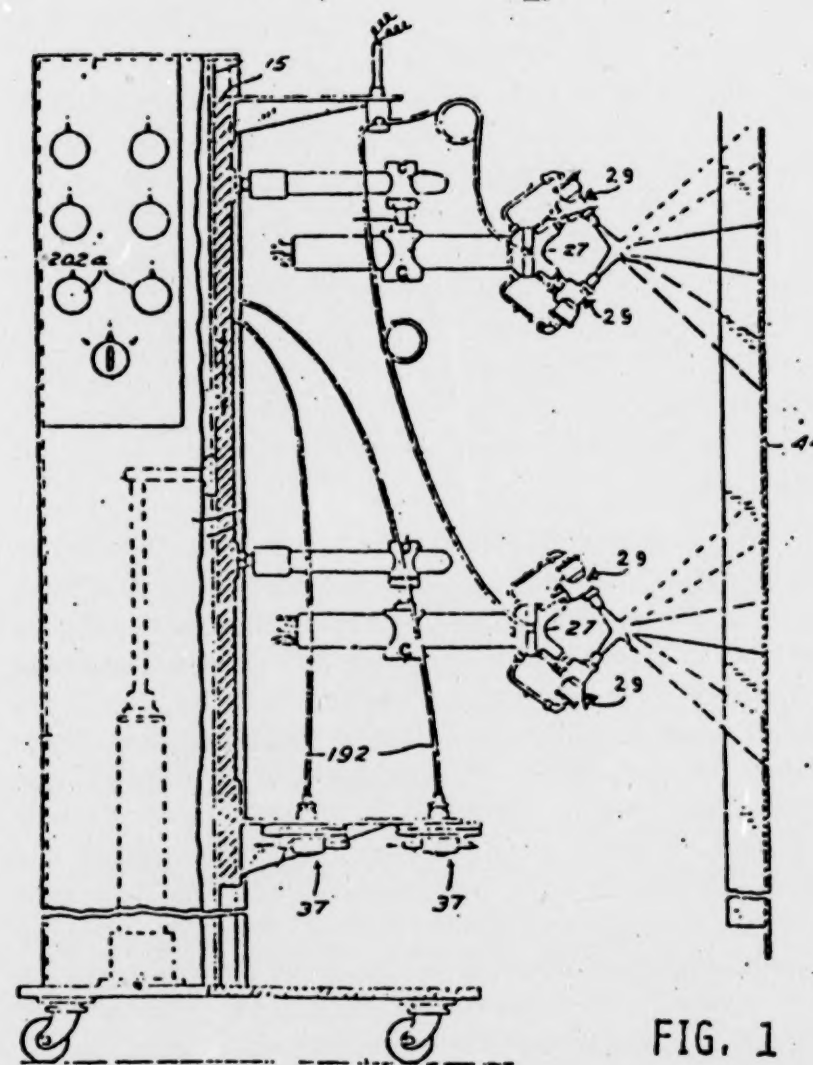


FIG. 1



spray from the guns varies with the height of the guns, there being a loss of pressure when the reciprocator slide moves the guns upward and a gain in pressure when it moves the guns downward. This occurs because of the change in height of a vertical column of the spray fluid. For example, if the stationary source of spray fluid is at floor level, the fluid must travel upward to reach the guns; and it must move upward a greater distance when the guns are at the top of their stroke than when the guns are at the bottom of their stroke. This greater upward travel of the fluid results in a greater weight of fluid pressing downward in opposition to the pressure from the stationary source of the fluid.<sup>3</sup> Without more, a loss in pressure would cause less fluid (e.g. paint) to be applied to the workpiece when the guns are in their highest position and more to be applied to the workpiece when the guns are in their lowest position, with variations in between.

The problem of pressure variation with the changing vertical movement is solved by adjustable, fluid pressure regulators 37 ("control valves"), which are mounted on the reciprocator slide 15 and move up and down with the spray guns. There is one regulator for each gun. The fluid pressure to be delivered to the guns is determined by adjustment of the pressure regulators, also known as "primary regulators." Because these pressure regulators and the guns move up and down together, the fluid pressure *between* the regulators and the guns does not vary during vertical reciprocation. Although the fluid pressure from the stationary source to the *input* side of the regulators 37 varies during vertical reciprocation, the regulators compensate for such variation, providing a

3. The district court found that vertical movement of the spray guns through a one-foot distance would cause a one-half pound per square inch variation in output pressure.

steady pressure at the *output* side for delivery of the fluid to the spray guns.

A standard fluid pressure regulator is adjusted by a manually-controlled knob, thumb screw, or similar device. However, when the apparatus is in operation, such adjustment "on-the-fly" (i.e., without stopping the reciprocating spraying apparatus) is difficult.<sup>4</sup> To meet this problem, the Norris '276 patent replaces the manual control of the primary regulator with a stationary, remote, secondary *air* pressure regulator (202a). This regulates the pressure of air that flows to the primary regulator through flexible plastic tube 192. By adjusting the air pressure, the variable output of the vertically moving primary regulator is controlled, and the control is precise because the weight of the air in tube 192 remains practically constant while the tube moves up and down with the reciprocator slide.

### The Claims

The involved claims 5 and 6 refer to claims 3 and 4, which were disclaimed by appellant Gyromat in earlier litigation involving the '276 patent (*Gyromat Corp. v. H.G. Fisher & Co.*, 167 U.S.P.Q. 326 (N.D. Ill. 1970)), and are reproduced in the footnote below.<sup>5</sup> Claims 5 and 6 read as follows:

5. Apparatus as set forth in claim 4 in which said adjusting means comprises a pressure actuated

4. Appellant notes that the regulators are moving up and down rather rapidly and that "they carry an electrical charge of perhaps 100,000 volts or more."

5. Claims 3 and 4 read as follows:

3. Spraying apparatus comprising a vertical support, means causing vertical reciprocation of said support, a spray head carried by said support, a control valve on said sup-

(Continued on Following Page)

diaphragm and means including a remote pressure control valve connected to control the pressure applied to said diaphragm for thereby varying the pressure supplied by said first control valve to said nozzle.

6. Apparatus as set forth in claim 5 in which said pressure control valve is connected to said first control valve by a flexible coupling having insulating characteristics and an electrostatic potential is supplied to said nozzle for charging the spray material ejected therefrom.

#### *Prior Art*

All but two of the essential features of the invention described above are to be found in claims 3 and 4. These features have been disclaimed by appellant, and the parties agree that they may be considered prior art; also appellant does not dispute the district court's findings that the flexible coupling in claim 6 is old in the art. As to a stationary, remote, secondary (air) pressure regulator controlling pressure in a primary regulator that "reciprocates through a vertical plane," the district court found that this was not disclosed by the prior art. With respect to this feature, the district court commented that "the combination of a self-relieving pressure regulator con-

#### Footnote Continued—

port connected to said nozzle and having means supplying spray material to said nozzle at a predetermined constant pressure, a stationary source supplying spray material at a predetermined pressure, and means supplying said spray material from said source to said control valve at a pressure determined by the pressure of said source and by the pressure head between the source and said control valve which varies according to the elevation of said reciprocating valve.

4. Spraying apparatus according to claim 3 in which said control valve includes means for adjusting the predetermined pressure at which the spray material is supplied therefrom to said nozzle.

nected to a stationary fluid regulator" is "well known." (Emphasis added.)<sup>6</sup>

#### *Proceedings Below*

The district court based its determination that claims 5 and 6 were invalid on its holding that the subject matter of the claims was obvious for purposes of 35 U.S.C. § 103.<sup>7</sup> As we have seen, the critical subject matter of both claims is the stationary, remote, secondary pressure regulator controlling pressure in a primary regulator that "reciprocates through a vertical plane."

In declining to follow Judge Hoffman's holding of validity of claims 5 and 6 in *Gyromat Corp. v. H.G. Fisher & Co.*, *supra*, the district court noted that two of the remotely-controlled regulators cited in *Fisher* contained no bleed holes and that "the third was clearly not suitable for a paint spraying device since the bleeding means was placed in a portion of the system that corresponded to the paint line of a spray paint device"; also that Judge Hoffman had rested his conclusion of nonobviousness "in

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6. By "Self-relieving pressure regulator," it appears that the district court was referring to a regulator having a "bleed hole" feature to assist the downward variation of pressure upon the fluid regulator. Such a feature is present in appellant's apparatus, but, as appellant points out, it is not a critical feature of the invention and is *not claimed*.

7. 35 U.S.C. § 103 provides:

§ 103. *Conditions for patentability; non-obvious subject matter*

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.



part" on the bleed device disclosed in the Norris '276 patent in stating:

The provision of a manually controlled air pressure regulator, with a continuously bled regulated output, for effecting the precise control of paint pressure in a reciprocating spray apparatus was not "obvious" within the meaning of 35 U.S.C. §103.

167 U.S.P.Q. at 341. The court below went on to point out that Champion had cited prior art references which the parties agreed disclosed bleed holes in pressure regulating systems. It then said:

Thus the issue is whether the combination of two components, a self-relieving pressure regulator and a reciprocating fluid regulator, was obvious within the meaning of § 103 of the Patent Act of 1952. Each component was well-known. Also well-known was the combination of a self-relieving pressure regulator connected to a stationary fluid regulator. Was it "obvious" to decide to connect a self-relieving pressure regulator to a [vertically] reciprocating fluid regulator?

Having analyzed the scope and content of the prior art and the difference between the prior art and the subject matter of claims 5 and 6, the district court considered the level of skill of a person of ordinary skill in the art to which said subject matter pertained as of 1962 (the time when the Norris invention was made). *Graham v. John Deere Co.*, 383 U.S. 1, 148 U.S.P.Q. 459 (1966). It found that the pertinent art was "the field of hydraulics and fluid controls," and that the testimony of Champion's expert, Russell Henke, "is persuasive that in 1962 the idea of connecting a pressure regulator to a [vertically] reciprocating fluid regulator required no more than the

ordinary skill of a mechanic reasonably knowledgeable in the field of hydraulics and fluid controls."<sup>8</sup>

Stating that the benefit of hindsight is to be discounted,<sup>9</sup> the district court concluded as follows:

While the combination of components achieve a useful result, it was the same result to be expected whenever a fluid regulator is remotely controlled by a pressure regulator. The fact that the fluid regulator is [vertically] reciprocating presented no special problem either in deciding to use a remotely controlled pressure regulator or selecting means to accomplish its connection. . . .

. . . That the fluid regulator in the patent reciprocates while the secondary pressure regulator remains stationary is not, on the evidence presented, a sufficiently different change in the context in which the combination of components operates to be considered a new function or a non-obvious improvement.

In responding to Gyromat's argument that Champion failed to come up with the idea of attaching a remote pressure regulator to a vertically reciprocating fluid regulator until after its personnel had seen such an arrangement constructed by the Fischer Company,<sup>10</sup> the district court said:

There is no evidence that plaintiff's [Champion's], staff was using a traveling fluid regulator but was

8. The more precise time for determining obviousness to one of ordinary skill in the art is late December of 1961, when the Norris invention was reduced to practice.

9. *Goodyear Tire & Rubber Co. v. Ray-O-Vac Co.*, 321 U.S. 275 (1944); and others.

10. This was the Norris invention found to have been infringed by Fischer in *Gyromat Corp. v. H.G. Fischer & Co.*, *supra*.

unable to come up with a device for remotely controlling it.

Rather, the district court emphasized that Champion had rejected traveling fluid regulators for reasons unrelated to the problem of fluid adjustment.

Finally, the court, recognizing that the district court in *Fischer* "was understandably impressed with the comparison between the benefits of the '276 patent and the lack of success of Fischer personnel," stated that it had reached the opposite conclusion on the basis of "augmented evidence presented here . . . of pertinent prior art disclosing continuously bled pressure regulators and persuasive testimony concerning the obviousness of remotely controlling a fluid regulator (whether stationary or reciprocating) with a pressure regulator . . ."

## OPINION

### *Presumption of Validity*

Before the district court, Champion stated that "the prior art evidence to be produced . . . was not considered by the Patent Office and the presumption [under 35 U.S.C. § 282] is thus undercut or substantially weakened." However, the district court did not mention the statutory presumption of validity of the Norris '76 patent.<sup>11</sup> In-

11. Champion raises this point in its brief before this court. In addition to prior art disclosing pressure regulators with a bleed feature, which we consider irrelevant, *infra*, it cites the following:

A 1960 catalog of the Hannifin Co. and a 1956 catalog of the Norgren Co., both showing pilot controlled air pressure regulators and their use with a remote, pilot regulator.

A 1951 patent to Ransburg (No. 2,559,225) for Electrostatic Coating Method and Apparatus illustrating use of insulated hoses with electrostatic spray coating apparatus.

(Continued on Following Page)

stead, it disposed of the holding of validity of claims 5 and 6 in *Gyromat Corp. v. H.G. Fischer & Co.*, *supra*, on which Gyromat has heavily relied. In refusing to follow *Fischer*, the district court said it was persuaded by Champion's "augmented evidence" of prior art bleed-type pressure regulators not in evidence in *Fischer*. However, the relevance of such evidence is not apparent, because the bleed feature of the secondary regulator in the Norris '276 patent is not even claimed. To the extent that Judge Hoffman in *Fischer* referred to the bleed feature of the secondary regulator, this, too, would lack relevance. Nevertheless, other evidence in *Fischer* was relevant and clearly supports Judge Hoffman's conclusion of nonobviousness. Thus, after noting that H.G. Fischer's first commercial use of such a primary regulator was in 1959, but that the remote, secondary (air) pressure regulator was not reduced to practice (by Norris) until late December of 1961, Judge Hoffman said (167 U.S.P.Q. at 341):

During the intervening period of almost three years, it was necessary to shut down the paint spray equipment in order to make an adjustment in the paint spray pressure for most installations. Moreover, Mr.

### Footnote Continued—

A 1944 patent to Roselund (No. 2,350,708) for Pan Greasing Machine (assigned to DeVilbiss) and a 1949 instruction book on installation, operation, and maintenance of the DeVilbiss Plan Greaser. These relate to spray-greasing of pans, preliminary to use in making, using a spray gun and an air pressure control valve for the gun.

There is no showing wherein such prior art is other than cumulative to that considered by the Patent Office during prosecution of the Norris '276 patent. Along with the vertically reciprocating primary pressure regulator in claims 3 and 4 (disclaimed), such prior art does show that all the hardware was available to make the critical subject matter of claims 5 and 6, namely: the stationary, remote, secondary [air] pressure regulator controlling pressure in a primary regulator that "reciprocates through a vertical plane."

Walberg [assignor of rights in certain patent applications to H.G. Fischer & Company to whom the patents were issued] admitted that there were occasions when it was necessary to adjust the paint pressure regulator of the defendant's equipment by jabbing or poking at the handle of the reciprocating regulator with an object such as a broomstick. This experience of the defendant is wholly inconsistent with its argument that the remote control of a paint pressure regulator would have been obvious to one skilled in the art.

Although we agree with the district court that the holding in *Fischer* is not controlling in this case, see *Jamesbury Corp. v. Litton Industries, Inc.*, 586 F.2d 917, 920-21, n.9 (2d Cir. 1978),<sup>12</sup> we conclude that the statutory presumption of validity of claims 5 and 6 of the Norris '276 patent still stands. Thus, the dispositive question is whether this presumption of validity has been rebutted by Champion. See *Solder Removal Co. v. United States International Trade Commission*, 582 F.2d 628, 632, 199 U.S.P.Q. 129, 133 (CCPA 1978).

#### *Champion's Expert Testimony Insufficient*

As earlier pointed out, the district court, in determining the level of skill (in 1962) of a person of ordinary

12. Gyromat argues that the same collateral estoppel effect be accorded a decision of patent validity as a decision of patent invalidity under *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402 U.S. 313, 169 U.S.P.Q. 513 (1971). We note that Champion was not a party to the prior action and, therefore, stands in a different posture from that of the patentee in *Blonder-Tongue*. In any event, since a decision of the United States District Court for the Northern District of Illinois is not controlling as a matter of *stare decisis*, cf. *Mercantile Nat'l Bank of Chicago v. Howment Corp.*, 524 F.2d 1031, 188 U.S.P.Q. 353 (7th Cir. 1975), cert. denied, 424 U.S. 957 (1976), and in view of our disposition of this case, we need not reach this question.

skill in the pertinent art of hydraulics and fluid controls, found the testimony of Champion's expert, Russell Henke, to be persuasive. Mr. Henke, an engineer experienced in hydraulics and fluid control systems, testified that in 1960 or 1961 there were commercially available both manual controlled fluid pressure regulators and remote operated air pressure regulators, and the concept of remote control by air pressure of a fluid pressure regulator was well known. It was his belief that those possessing skill in the art such as he possessed would have had the knowledge and know-how to connect pilot operated regulators for liquid service with a pilot regulator operating on air.<sup>13</sup> He also testified—

It's my opinion that anybody who would have that knowledge of the field similar to what I might have, would be led to using a remote pilot controlled fluid regulator to solve the problem.

. . . . .

It's my feeling that anyone skilled in the prior art we have been discussing would be led to the same approach of applying a remote pilot control on a fluid regulator to solve this problem.

Although, as a general rule, the weight of an expert testimony is to be determined by the trial court, such a

13. Such a statement, of course, is not responsive to the question of whether persons possessing such skill would have had the knowledge and know-how to connect *vertically reciprocating* pilot operated regulators with a remote pilot regulator. Although the mechanics of connecting the two regulators is not part of the claimed subject matter of the Norris invention, the concept of making such a connection is part of the teaching in the Norris specification of how to practice the invention. Given such teaching, the connecting could be expected to be carried out by the ordinary mechanic. As related *infra*, Gyromat persons of ordinary skill in the pertinent art were not able to solve the problem of "on-the-fly" adjustment of vertically reciprocating fluid pressure regulators.



determination may, nevertheless, be shown to have been erroneous. *Universal Athletic Sales Co. v. American Gym Recreational & Athletic Equipment Corp.*, 546 F.2d 530, 537, 192 U.S.P.Q. 193 (3d Cir. 1976), *cert. denied*, 430 U.S. 984 (1977). We note other factors which detract from the weight of Henke's testimony. He had experience with paint spraying devices, with which the "on-the-fly" adjustment problem was associated and to which problem the Norris '276 patent was addressed. Moreover, his testimony was often vague. The witness did not define "the problem"; nor did he indicate what (other than the hindsight obtained from the Norris invention) would have led "a person having ordinary skill in the art" of hydraulics and fluid control systems to the "on-the-fly" solution achieved by Norris with respect to a vertically reciprocating fluid pressure regulator. On cross-examination, Mr. Henke was asked whether he had occasion to work with equipment in which there was a vertical movement between a controlled regulator and a controlling regulator. His response was as follows:

A. I suspect there must be instances where the motion was vertical as opposed to horizontal or rotary.

Q. What type of thing are you thinking about when you say that?

A. Well, mostly machine motion—I don't have specific examples in mind, but I have worked in general field of machines that are fluid operated or have fluid systems on them and there are motions in these machines, and they could be anything. It could be automation systems, it could be machine tools, they could be different kinds of equipment, construction equipment, agricultural equipment, industrial equipment, in general.

Q. This would involve the use of a vertically reciprocating regulator that was—

A. In some instances, it could, yes.

Q. In some instances? Can you give us a specific example?

A. Not off the top of my head, I can't, no.

Thus, although he had testified that the concept of remote control by air pressure of a fluid pressure regulator was well known in 1960 or 1961, he could not, on November 16, 1976 (date of testimony), think of a single example of his having worked with a *vertically reciprocating* fluid pressure regulator. As we have seen, however, the "on-the-fly" problem Norris solved arose only from prior art vertically reciprocating fluid pressure regulators.<sup>14</sup> Thus, we conclude that the testimony of Mr. Henke was clearly insufficient to support the district court's finding that in 1962 the idea or concept of connecting a pressure regulator to a (vertically) reciprocating fluid regulator required no more than the ordinary skill of a mechanic reasonably knowledgeable in the field of hydraulics and fluid controls.

#### *District Court's Finding Clearly Erroneous*

Bearing crucially on a determination of the level of skill of a person of ordinary skill in the art (hydraulics and fluid controls) is the district court's finding, quoted earlier, that there is no evidence that Champion's staff was using a traveling fluid regulator but was unable to come up with a device for remotely controlling it. This

14. Also brought out on Henke's cross-examination was the admission that the prior art, about which he had testified to show the level of skill of a person of ordinary skill in the art in 1960 or 1961, did not disclose vertically reciprocating primary regulators relative to a remote control regulator. As related earlier, the district court found this to be a fact.

was in response to Gyromat's argument, pursued on appeal, that persons of ordinary skill in the art (namely, the research staff of DeVilbiss Company, a division of Champion) were not able to solve the problem of "on-the-fly" adjustment of vertically reciprocating fluid pressure regulators. The following evidence supports Gyromat's argument and contradicts the district court's finding:

1. Deposition testimony of William D. Gauthier, Director of Research and Engineering of DeVilbiss. He had been employed by DeVilbiss since January of 1963, first as Assistant Director of Research, and had been involved in, among other things, work on paint pumps, reciprocators, and gun mounts, with work on a short-stroke reciprocator starting in early 1963.

Q. In the course of developing a control system for the reciprocating equipment that was being developed by your group, were various arrangements considered and evaluated for effecting control of paint pressure at the gun—at the spray gun from a remote location, or from any location, for that matter?

A. My recollection is rather hazy in that area. I believe I recall cases where fluid regulators were mounted on the reciprocator, and some mechanical linkage was evolved to provide the adjustment.

. . . . .

Q. Do you remember what it looks like or what it looked like, rather?

A. My recollection was just some insulating rods . . . with universal joints at either end connected from the reciprocator to a remote location.

Q. Was equipment ever built and delivered commercially using such an arrangement for control of paint pressure?

A. No.

2. Deposition testimony of Robert J. Della Flora, a Senior Project Engineer in the Research Group of DeVilbiss. He had been employed by DeVilbiss since April of 1960, first as a Project Engineer, and had been involved in, among other things, paint pumps and some work on control systems for reciprocators and associated equipment and some work on guns.

Q. Did your work on the reciprocator commence at around the time that Mr. Gauthier came with the company?

A. Yes.

. . . . .

Q. What does this report, or what does this document marked as Defendant's Exhibit 20 represent, Mr. Della Flora?<sup>15</sup>

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15. Exhibit 20 is a report by R.J. Della Flora, dated 10/23/63, entitled "Paint Feed Control." The "Objective" is stated to be "Develop simplified fluid feed control for air spray guns." Under "Conclusions" it is stated: "A simple satisfactory fluid feed control system consists of the following: . . . 5. Fluid pressure controlled by precision air pressure regulator on pressure pot." Under "Discussion" it is stated: "2. Remote adjustment of the system fluid flow control may be accomplished by using a pump, pressure pot, fluid regulator or needle valve. A pressure pot with a precision air regulator will give accurate flow control if used with accurate flow resistances and is probably the least expensive of these systems. . . . 5. Individual fluid flow control of the guns may be accomplished by using a fixed orifice, micro-adjusting needle valve, fluid regulator, individual pressure pot or individual pump. The pressure pot and pump probably should be eliminated due to cost. . . . With the gun needle valve made small and with a micro-adjusting screw for accurate control of the flow restriction, the needle valve is practical."



A. A report on possible methods of controlling paint flow. . . .

Q. To whom did you hand the report in, do you recall?

. . . . .

A. I believe it went to Mr. Gauthier.

. . . . .

Q. Did this work that is reflected in document Defendant's Exhibit 20, relate to the very first prototype reciprocator that you worked on?

. . . . .

A. It was a separate item. It didn't refer to the reciprocator.

Q. Oh, this was not work with respect to a reciprocator?

A. No.

Q. I take it then that it was limited to known reciprocating equipment?

A. It was paint feed control, period. Reciprocated or stationary, no difference.

Q. In other words, it was without regard to whether it was reciprocated or not?

A. Right.

. . . . .

Q. Did the investigations that are reflected in Defendant's Exhibit 20 result in any changes in the design of the AGC [paint system using an air atomizing concept] gun, or the paint control for the AGC gun?

A. I think it all developed concurrently.

. . . . .

Q. Thank you. Was this paint feed control incorporated in the AGC equipment?

A. No.

. . . . .

Q. You discussed . . . the ultimate paint control system that was finally adopted in the AGC system, and I believe you also testified that you did not have anything directly to do with the development of that ultimate system. Do you have any personal knowledge as to where the concept or the genesis of that remote control fluid regulator came from?

A. All of this was a group effort. The fluid regulator portion was a regulator that we had in our line. The remote air control of this regulator was developed to satisfy a request by the Research Director, Mr. Juvinall to make this unit remotely adjustable without having to turn off the electrical power or stop the reciprocator.

. . . . .

Q. Did Mr. Juvinall's request then immediately result in the ultimate system being developed, or did this take some period of time?

A. Today it seems as though it was a step right onto it, but I can't recall how long it did take.

Q. Were any other systems attempted or tried and discarded following this request by Mr. Juvinall and prior to the development of the ultimate system? In other words, were there any false steps along the way, or did the group just go out and put this thing together?

A. I know there were some false starts made, but I can't recall how many or how long they took.

From the foregoing testimony of Mr. Gauthier and Mr. Della Flora, it is clear that the research group at DeVilbiss, commencing early in 1963, was working on development of vertically reciprocating equipment with fluid regulators mounted on the reciprocator and on development of a paint feed control system for that equipment; that development of the paint feed control system, covered by Della Flora's report of 10/23/63, was carried out without recognition of the "on-the-fly" control problem, much less a solution to it, since it was without regard to any difference between reciprocating and stationary equipment; that the results of Della Flora's investigations were not incorporated into the AGC equipment or commercially developed; that it was not until Juvinall requested that the fluid regulators be adjustable "on-the-fly" that development of remote air control of those regulators was undertaken; and that, even then, "there were some false starts."

Providing still greater support to Gyromat's argument regarding the level of skill of a person of ordinary skill in the pertinent art is a report dated 8/31/64<sup>16</sup> by Erherd Kock, Director of Research and Engineering for DeVilbiss, who, like Gauthier, had been employed by DeVilbiss since January of 1963, first as a senior research engineer, and had been continuously involved in development of paint spray equipment. The report states that the objective of Project No. 39 ("Paint Feed Control") was to develop a suitable means for controlling, with precision and reliability, the paint flow rate for the new DeVilbiss electrostatic system, which consisted of an array of vertically reciprocating spray guns; that it was desirable for the paint flow to be readily adjustable while the system was

16. The report shows that it was approved by Gauthier on 5/20/65.

in operation, i.e., while the guns were at high voltage and reciprocating; further:

In the early consideration<sup>17</sup> of this problem, fluid regulators had been rejected because of their bulk, cost and incompatibility with quick color change. Further, the use of fluid regulators did not seem to offer an easy solution to the requirement of remote on-the-fly adjustment, because in order to minimize fluid flow fluctuation as the height of the vertically reciprocating gun changed, it would have been necessary to reciprocate the fluid regulators with the guns.

A second approach, consisting of controlling the flow by varying the fluid needle opening was investigated at greater length. It had the obvious advantage of simplicity and low cost, but was finally rejected because it was difficult to control individually on-the-fly....

The fluid control method that was finally selected consisted of a modification of the small "gun-mounted fluid regulator" #44167-008 (which had just become commercially available), the diaphragm pressure of which was adjusted remotely by means of an air pressure regulator. . . . The fluid regulator itself was small enough that it could be mounted on the reciprocator adjacent each gun without creating a weight problem, and it was sufficiently cheap, that one regulator could be supplied for each gun without unduly increasing the cost of the system. The only relatively expensive component was the air regulator (a Norgren regulator was found to give the best performance), one of which had to be used in conjunction with each

17. During oral argument, the parties agreed that this occurred after 1962.

fluid regulator. However, the resulting ease of remote paint feed control for both conductive and nonconductive paints while the system was in operation, facilitated by the fact that the operator could now select and maintain a given paint flow by merely adjusting the air pressure regulator . . . seemed to be well worth the additional expense.

Thus, a contemporaneous report shows that the DeVilbiss research group found the requirement for remote "on-the-fly" adjustment to not be easily satisfied when using fluid regulators because they had to be reciprocated with the guns; also, that varying the fluid needle valve opening of the gun (recommended as "practical" by Della Flora, note 16 *supra*) was not satisfactory because of the difficulty of "on-the-fly" control. The solution that was eventually selected was made after Gauthier and Kock had (in 1963) viewed an embodiment of the Norris invention constructed by the Fischer Company.<sup>18</sup>

This report, along with the above-quoted testimony of Gauthier and Della Flora, compels the conclusion that the district court's finding, that there is no evidence that Champion's staff was unable to come up with a device for remotely controlling a traveling regulator, is clearly

18. Champion argues that motivation for remote, "on-the-fly" control of reciprocating pressure regulators would have been provided by the pan greasing machine patent and instructions (note 11, *supra*), wherein remote air pressure control is taught for regulating the flow of hot grease. In addition to the fact that the pan greasing machine does not involve a vertically reciprocating fluid pressure regulator, the argument suffers from the fact that the research group at DeVilbiss, which presumably was familiar with the pan greasing machine since the patent had been assigned to DeVilbiss, was unable to come up with a satisfactory solution to the "on-the-fly" control problem for a year and a half, and that solution was an embodiment of the Norris invention.

erroneous.<sup>19</sup> Indeed, the evidence is compellingly to the contrary. Although early in 1963 the DeVilbiss research group commenced work on a paint feed control system for vertically reciprocating equipment, it was not until a year and a half later that Kock reported a satisfactory solution to the "on-the-fly" control problem, and that solution, which is clearly an embodiment of the Norris invention, was not approved until some nine months later. Accordingly, Champion's argument that the level of skill of a person of ordinary skill in the pertinent art in late December 1961 was such that the Norris invention would have been obvious must fail.

#### *Combination of Old Elements Not Obvious Per Se*

Citing *Sakraida v. Ag Pro, Inc.*, 425 U.S. 273 (1976), Champion argues that claims 5 and 6 of the Norris ' 276 patent simply define "an arrangement of old elements," each performing "the same function it had been known to perform," and that such combinations are not patentable. In the factual setting of the *Sakraida* case, we have no difficulty with the holding that the invention there involved was not patentable. However, we do not agree with what amounts to an oblique suggestion that the dicta

19. The district court also said:

It is true that the Fischer personnel, who were using a traveling [vertically reciprocating] fluid regulator, did not solve the problem. However, their failure, for a somewhat brief time, is insufficient to detract from the weight of the plaintiff's credible testimony that use of a remote-controlled pressure regulator to control the traveling fluid regulator required more than the ordinary skill of a mechanic.

Under the circumstances of this case, we do not regard a period of nearly three years as "somewhat brief" when evaluating the level of skill of a person of ordinary skill in the pertinent art, as distinguished from evaluating the factor of "long felt need." See *Graham v. John Deere Co.*, 383 U.S. 1, 17, 148 USPQ 459, 467 (1966).



in the Supreme Court's opinion overruled the statutory test of nonobviousness established by 35 U.S.C. § 103 along with the analytical guidelines for that test established by the Court in *Graham v. John Deere Co.*, *supra*, which the opinion in *Sakraida* cites with approval. See *Republic Industries, Inc. v. Schlage Lock Co.*, 592 F.2d 963, 970, 200 U.S.P.Q. 769, 777 (7th Cir. 1979). Most, if not all, inventions involve a combination of old or known elements. *Shaw v. E.B. & A.C. Whiting Co.*, 417 F.2d 1097, 1102, 163 U.S.P.Q. 580, 584 (2d Cir. 1969), *cert. denied*, 397 U.S. 1076 (1970); *Reiner v. I. Leon Co.*, 285 F.2d 501, 503, 128 U.S.P.Q. 25, 27 (2d Cir. 1960), *cert. denied*, 366 U.S. 929 (1961); *B.G. Corp. v. Walter Kidde & Co.*, 79 F.2d 20, 22, 26 U.S.P.Q. 288, 289-90 (2d Cir. 1935). If the inventions are new, useful, and nonobvious, they are patentable. If the level of skill of a person of ordinary skill in the pertinent art is such that the differences between the subject matters sought to be patented and the prior art would not have been obvious to that person, the test for nonobviousness is met.

In view of all the foregoing, we hold that the statutory presumption of validity of the Norris '276 patent has not been rebutted by Champion.

The judgment of the district court is reversed and the case is remanded for further proceedings consistent with this opinion.

UNITED STATES COURT OF APPEALS  
TENTH CIRCUIT

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No. 77-1753

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PLASTIC CONTAINER CORPORATION,  
Plaintiff-Appellant,

v.

CONTINENTAL PLASTICS OF OKLAHOMA, INC.,  
Defendant-Appellee.

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Appeal from the United States District Court for the  
Western District of Oklahoma

(D. C. No. 76-1011-C)

(Filed August 8, 1979)

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Walter D. Ames, Watson, Cole, Grindle & Watson, Washington, D. C. (Thomas J. Greer, Jr., Diller, Brown, Ramik & White, Arlington, Virginia, and James A. Peabody, Oklahoma City, Oklahoma, on the brief) for Appellant.

William R. Laney, Laney, Dougherty & Hessin, Oklahoma City, Oklahoma, for Appellee.

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Before BARRETT and LOGAN, Circuit Judges, and MILLER,\* Judge.

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MILLER, Judge.

Plastic Container Corporation ("Plastic") appeals from an adverse judgment in its patent infringement suit against

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\*The Honorable Jack R. Miller, Judge of the United States Court of Customs and Patent Appeals, sitting by designation.

Continental Plastics of Oklahoma, Inc. ("Continental"). In an order of August 5, 1977, without opinion, the district court denied Plastic's cross-motion for summary judgment, dismissed its complaint, entered judgment in favor of Continental, and awarded Continental costs and attorney fees. We reverse and remand.

#### *The Subject Matter of the Patent in Issue*

The infringement suit involves Reissue Patent No. 28,861 to Samuel Hall, Jr. ("Hall Reissue").<sup>1</sup> The Hall Reissue, obtained pursuant to 35 U.S.C. § 251,<sup>2</sup> is based on Patent No. 3,473,681<sup>3</sup> ("Hall Patent"), which was held invalid in the prior litigation of *Plastic Container Corp. v. Continental Plastics of Oklahoma, Inc.*, Civil Action No. 72-825 (W.D. Okla. December 13, 1973), affirmed in an unpublished opinion of this court, No. 74-1123, October 30, 1974. The subject matter of the Hall Reissue is a container or vial employing a safety plug and a cover which snaps on and off the container. Such containers

1. The application for reissue, entitled "Safety Medicine Bottle Closure," was filed on May 23, 1975, and issued on June 15, 1976. During prosecution of the Hall Reissue, no changes were made in the specification. However, claims 1-4 and 6-7 were cancelled; claim 5 was amended; and new claim 8 was added.

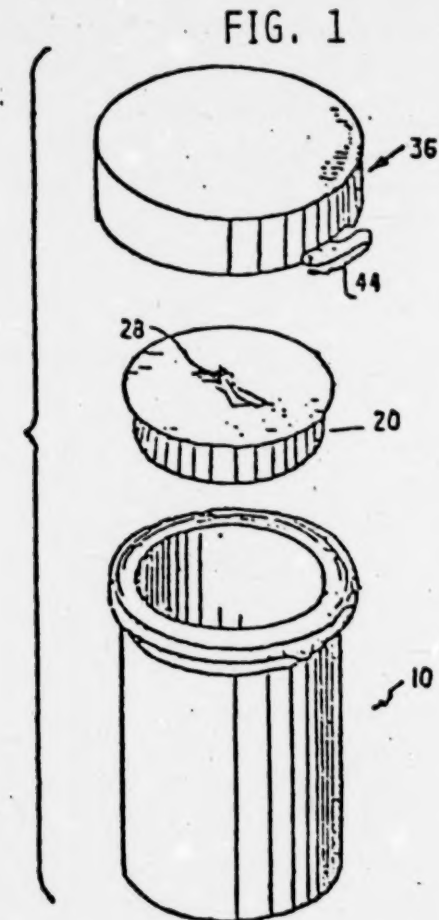
2. 35 U.S.C. § 251 reads in pertinent part:

§ 251. Reissue of defective patents

Whenever any patent is, through error without any deceptive intention, deemed wholly or partly inoperative or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent, the Commissioner shall, on the surrender of such patent and the payment of the fee required by law, reissue the patent for the invention disclosed in the original patent, and in accordance with a new and amended application, for the unexpired part of the term of the original patent. No new matter shall be introduced into the application for reissue.

3. This patent issued October 21, 1969, on an application filed November 21, 1968.

are used by pharmacists in dispensing medicaments, such as capsules or tablets, as a precaution against access by young children. Figure 1 of the Hall Reissue is illustrative of an embodiment of the claimed invention:





In order to remove the safety plug (internal closure 20), the external closure cap 36 (snap cover) is snapped off container 10 using abutment key 44, which depends from the side of the external closure cap. With the cap removed, the abutment key is used to remove the safety plug by inserting it into recess 28 of the safety plug and pulling the plug out. Although such manipulations are relatively simple for an adult, they are too complex for most young children. Because the abutment key serves the dual function of a key and a thumb tab, the same external closure cap may be used when there is no safety plug, thus providing the pharmacist with an option to omit the safety plug for a "non-childproof" container.

Claims 5 and 8, the only two claims that remain in the Hall Reissue, are illustrative:<sup>4</sup>

5. The safety container closure of claim 1<sup>5</sup> wherein said external closure cap is provided with a peripheral skirt, the lowermost part of said skirt carrying said key, the interior of said skirt carrying an annular bead which snaps over a complementary bead around an outer periphery of the container opening, *whereby*

4. The portions of the claims in italics were added to the Hall Patent during prosecution of the Hall Reissue.

5. Claim 1 (which was cancelled as an independent claim during the reissue prosecution but, nevertheless, remains incorporated into claim 5) reads:

1. A safety container closure assembly including,
  - (a) a container having an opening,
  - (b) an internal closure positioned within said opening, said closure having a key recess therein,
  - (c) an external cap positioned over said opening,
  - (d) said external cap carrying a key at a location not coincident with the location of said key recess,
  - (e) whereby said cap must be removed to insert the key into the key recess and thereby remove the internal closure.

the key carried by the external cap functions as a tab against which the thumb is pressed in a generally upward direction to remove the external cap from the container and functions additionally as a key for cooperation with the key recess of the internal closure to thereby permit the internal closure to be removed from its position within the opening of the container.

8. A safety container closure assembly including,
  - (a) a container having an opening,
  - (b) an internal closure in the form of a plug positioned within said opening, said closure having a key recess therein,
  - (c) an outer closure in the form of an external cap positioned over said opening,
  - (d) said external cap having a skirt integral therewith and depending from the top of said cap, the interior of said skirt carrying an annular bead which snaps over a complementary bead on the outer periphery of container opening,
  - (e) a combination thumb abutment-key integral with and extending substantially horizontally outwardly from said skirt at the lower portion of the skirt, said thumb abutment-key functioning as a tab against which the thumb is pressed in a generally upwardly direction to remove the said external cap from the container and functioning additionally as a key for cooperation with the said key recess of said internal closure to thereby permit said inclosure to be removed from its position within the opening of said container.

### Background

An understanding of the previous litigation involving the Hall Patent is necessary for consideration of the issues presented by this appeal involving the Hall Reissue. In its December 13, 1973, unpublished opinion, the district court stated the following conclusions of law: (1) Claims 1-4 and 7 are invalid under 35 U.S.C. § 102 because they "define structures which are devoid of novelty in that they are clearly anticipated by the prior art." (2) Claims 1-5 and 7 are invalid under 35 U.S.C. § 103 "as being directed to structures which lack invention and were 'obvious'."<sup>6</sup> (3) Claims 1-7<sup>7</sup> are invalid under (the second paragraph of) 35 U.S.C. § 112<sup>8</sup> because they

6. We note that, since the 1952 codification of the patent laws, patentability depends on nonobviousness under 35 U.S.C. § 103 rather than on "invention." An invention that is obvious is an unpatentable invention. *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 14-15, 148 U.S.P.Q. 459, 465 (1966); *In re Bergy*, 596 F.2d 952, 959, 201 U.S.P.Q. 352, 361-62 (C.C.P.A. 1979); Rich, *Laying the Ghost of the "Invention" Requirement*, 1 Am. Pat. L. A. Q. 26, 40 (1972). 35 U.S.C. § 103 reads:

§ 103. Conditions for patentability; non-obvious subject matter

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

7. Although there are seven claims in the invalidated Hall Patent, Plastic sued for infringement on only claims 1-5 and 7. Nevertheless, some of the district court's conclusions of law apply to claim 6, because Continental, by way of counterclaim, filed a declaratory judgment action asking that all of the Hall Patent claims be held invalid.

8. 35 U.S.C. § 112 provides in pertinent part:

§ 112. Specification

The specification shall contain a written description of the invention, and of the manner and process of making  
(Continued on Following Page)

"fail to particularly point out and distinctly claim the subject matter which the applicant regarded as his invention." The court somewhat amorphously stated that the invention is not distinctly claimed if "the dictionary meanings of the term 'coincident' are not used in construing the claims," because the specification fails "to explain or set forth the meaning of that term." (4) Claims 1-7 are invalid for being "in contravention of the provisions of Rule 75(d)(1)," 37 C.F.R. § 1.75(d)(1),<sup>9</sup> because all claims contain terms ("at a location not coincident with the location of the key recess," "coincident," and "recess") which do not find clear support or antecedent basis in the description set forth in the specification. (5) Claims 1-7 are invalid under 35 U.S.C. § 112, first paragraph, for failure to set forth the best mode of carrying out the invention ("to provide ribs on the skirt portion of the stopper or internal closure") as contemplated by the inventor at the time of filing his application.

### Footnote Continued—

and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

9. 37 C.F.R. § 1.75(d)(1) reads:

The claim or claims must conform to the invention as set forth in the remainder of the specification and the terms and phrases used in the claims must find clear support or antecedent basis in the description so that the meaning of the terms in the claims may be ascertainable by reference to the description. (See § 1.58(a).)

Because Rule 75(d)(1) merely implements the description requirement of the first paragraph of 35 U.S.C. § 112 (*supra* note 8), we consider § 112 to be the statutory basis for this conclusion of law.

On appeal, this court stated in an unpublished opinion (No. 74-1123, Oct. 30, 1974, at 7):

We hold that the Trial Court did not err in finding that the entire patent was anticipated by the prior art. We have considered Plastic's contention raised in its reply brief that the "prior art fails to show an element that functions both as a key which enters a key recess and as a thumb abutment." We agree. However, *such an element, i.e., an abutment functioning as a key and a thumb tab, was never claimed.* [Emphasis added.]

The court discussed further testimony at trial and said (*supra* at 9):

Applying the prior art of Velt and Mostoller, and the differences between the prior art and Claim 5, considered together with the ordinary skill in the pertinent art, we hold that the Trial Court did not err in finding '681 [Hall Patent No. 3,473,681] invalid as obvious.

. . . .

We have carefully considered the remaining allegations of error advanced by Plastic.<sup>10</sup> They are without merit.

Thus, it is clear that this court affirmed the district court in its conclusion that all claims were invalid under 35 U.S.C. § 103. The court particularly pointed out that the claims failed to recite the limitation on which Plastic relied as evidence of nonobviousness. Moreover, the statement in section III of the opinion indicates that this court intended to reject all of Plastic's allegations of error and

10. These allegations of error were directed at all of the district court's conclusions of law.

to affirm each of the other bases for the district court's holding that the claims were invalid.<sup>11</sup>

Acting on the above-quoted statement in this court's previous opinion, that "an abutment functioning as a key and a thumb tab, was never obtained" in the Hall Patent, Plastic returned to the Patent and Trademark Office ("PTO") and filed an application for reissue. Following issuance of the Hall Reissue, Plastic filed this action for patent infringement against Continental.

#### *District Court Proceedings*

In the district court,<sup>12</sup> Continental moved for summary judgment and requested an award of costs and attorney fees, arguing: (1) that as a result of the prior litigation between the same parties, Plastic "is barred from relief as a result of the application of one or more of the doctrines of res judicata, collateral estoppel, estoppel by record and/or law of the case"; (2) that the claims of the Hall Reissue are invalid because Plastic did not discharge "the heavy duty of complete good faith, and full and open disclosure of all pertinent and material facts to the Patent Examiner during the prosecution of the reissue application"; and (3) even assuming, *arguendo*, that the Hall

11. As discussed *infra*, the disposition of these other bases of invalidity in the prior appeal is important to this appeal because collateral estoppel is one of the major issues. If this court, in its previous decision, had merely affirmed on the basis of obviousness (35 U.S.C. § 103) and had not disposed of the other bases of invalidity, there could be collateral estoppel only on the obviousness issue in any subsequent litigation. See *Martin v. Henley*, 452 F.2d 295, 300 (9th Cir. 1971); *International Refugee Organization v. Republic S.S. Corp.*, 189 F.2d 858, 862 (4th Cir. 1951). See generally Restatement of Judgments § 63 comment n, § 69 comment b (1942); 1B Moore's Federal Practice ¶ 0.416[2] at 2232 n. 10 (1974), and cases cited therein; *id.* at ¶ 0.443[5] at 3920-22.

12. The Honorable Stephen Chandler, before whom the first trial was conducted.



Reissue is infringed, Continental "is vested with certain statutorily recognized intervening rights [pursuant to 35 U.S.C. § 252<sup>13</sup>] which immunize" Continental. Plastic cross-moved for summary judgment: (1) on infringement because Continental had admitted that its device is readable upon both claims 5 and 8 of the Hall Reissue; and (2) on validity because reissue claims 5 and 8 are "now purged of the defect" noted in the previous Tenth Circuit opinion.

As related earlier, the district court denied Plastic's motion for summary judgment, dismissed its complaint, granted Continental's motion for summary judgment, and awarded Continental costs and attorney fees.

#### OPINION

Because the district court did not indicate which of Continental's arguments it found persuasive,<sup>14</sup> this court

13. 35 U.S.C. § 252 reads in pertinent part:

No reissued patent shall abridge or affect the right of any person or his successor in business who made, purchased or used prior to the grant of a reissue any thing patented by the reissued patent, to continue the use of, or to sell to others to be used or sold, the specific thing so made, purchased or used, unless the making, using or selling of such thing infringes a valid claim of the reissued patent which was in the original patent. The court before which such matter is in question may provide for the continued manufacture, use or sale of the thing made, purchased or used as specified, or for the manufacture, use or sale of which substantial preparation was made before the grant of the reissue, and it may also provide for the continued practice of any process patented by the reissue, practiced, or for the practice of which substantial preparation was made, prior to the grant of the reissue, to the extent and under such terms as the court deems equitable for the protection of investments made or business commenced before the grant of the reissue.

14. Although Plastic appears to criticize the district court for failing to specify the basis of its decision, we note that such failure is not error in view of Fed. R. Civ. P. 52(a), which states that "[f]indings of fact and conclusions of law are unnecessary on decisions of motions under Rules 12 and 56," and in view of the fact

(Continued on Following Page)

must consider each argument and, in order for the lower court's decision to be reversed, Plastic must prevail on each issue.

#### (1) Collateral Estoppel Issue<sup>15</sup>

Continental argues that Plastic should be collaterally estopped from asserting Hall Reissue claims 5 and 8 because "these claims substantively define the same invention as did the claims involved in the first suit." It notes that "the written specifications and the drawings of both the original and reissue patents are identical" and suggests that the two claims issued in the Hall Reissue are identical to the claims of the Hall Patent "except for slight differences of wording." Further, Continental asserts that the basis for the Supreme Court's decision in *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402 U.S. 313, 169 U.S.P.Q. 513 (1971), was "the policy that the patentee should only be allowed one opportunity to litigate any given issue, unless he can show that his first opportunity was unfair procedurally, substantively or evidentially"; and that the courts have applied this policy in allowing collateral estoppel as a defense to an infringement suit based on claims which, themselves, were not previously adjudicated invalid.

#### Footnote Continued—

that Fed. R. Civ. P. 56 concerns motions for summary judgment. Nevertheless, in a case such as this which involves numerous complex legal issues, had the lower court stated its conclusions of law, no matter how briefly, time in the consideration of this appeal would have been saved; moreover, we would have the benefit of the lower court's views.

15. The courts have not been consistent in the meanings assigned to the terms "res judicata" and "collateral estoppel," as well as "estoppel by record" and "law of the case," particularly when applied to patent litigation. We choose the term "collateral estoppel" as the one most appropriate under the facts of this case.

Indeed, the Court in *Blonder-Tongue*, *supra* at 332-33, 169 U.S.P.Q. at 521, did speak in terms of "issues" and "questions," saying:

Moreover, we do not suggest, without legislative guidance, that a plea of estoppel by an infringement or royalty suit defendant must automatically be accepted once the defendant in support of his plea identifies the issue in suit as the *identical question* finally decided against the patentee or one of his privies in previous litigation. Rather, the patentee-plaintiff must be permitted to demonstrate, if he can, that he did not have "a fair opportunity procedurally, substantively and evidentially to pursue his claim the first time." [Emphasis added; footnote omitted.]

Also, it is true that, because collateral estoppel is grounded on public policy, particularly as it relates to judicial economy, some courts have not limited its application to adjudicated claims only. See, e.g., *Westwood Chemical, Inc. v. Molded Fiber Glass Body Co.*, 498 F.2d 1115, 182 U.S.P.Q. 517 (6th Cir. 1974). The essential element of collateral estoppel is substantial identity of the issue or issues in each action. *Partmar Corp. v. Paramount Pictures Theatres Corp.*, 347 U.S. 89 (1954); *Carter-Wallace, Inc. v. United States*, 496 F.2d 535, 182 U.S.P.Q. 172 (Ct. Cl. 1974). Thus, the public interest in upholding valid patents, including reissued patents, outweighs the public interest underlying collateral estoppel where the issue or issues in each action are not substantially identical. *In re Russell*, 58 C.C.P.A. 1081, 439 F.2d 1228, 169 U.S.P.Q. 426 (1971); *In re Craig*, 56 C.C.P.A. 1438, 411 F.2d 1333, 162 U.S.P.Q. 157 (1969).

Accordingly, we agree with Continental that collateral estoppel may apply, under certain circumstances, to pre-

viously unadjudicated claims. However, it seeks to apply this defense too broadly here.<sup>16</sup> It is basic patent law doctrine that claims of a patent define the invention and the "metes and bounds" of the grant. See *Brenner v. Manson*, 383 U.S. 519, 534, 148 U.S.P.Q. 689, 695 (1966); *Deyerle v. Wright Manufacturing Co.*, 496 F.2d 45, 49, 181 U.S.P.Q. 685, 688 (6th Cir. 1974); *Citizens Trust Co. v. Lear Jet Corp.*, 403 F.2d 956, 958, 160 U.S.P.Q. 11, 13 (10th Cir. 1968), *cert. denied*, 394 U.S. 950, 161 U.S.P.Q. 832 (1969). Accordingly, any determination of whether collateral estoppel applies must be directed to the *claimed* invention, i.e., the invention defined by the claims, rather than to a broader invention that may be disclosed in the application. As the Sixth Circuit said in *Westwood Chemical, Inc. v. Molded Fiber Glass Body Co.*, *supra* at 1117, 182 U.S.P.Q. at 518:

[C]ollateral estoppel is available as a defense when unadjudicated claims present questions of fact identical to the questions presented in the adjudicated claims; *when each unadjudicated claim merely restates, without significant difference, an adjudicated claim; and when none of the unadjudicated claims defines an invention separate and apart from the invention defined in the adjudicated claims.* [Emphasis added.]

Accord, *Westwood Chemical, Inc. v. United States*, 525 F.2d 1367, 187 U.S.P.Q. 656 (Ct. Cl. 1975); *In re Clark*, 522 F.2d 623, 628, 187 U.S.P.Q. 209, 213 (C.C.P.A. 1975)

16. Continental argues that "a suit on a reissue patent is barred by a prior judgment between [sic] the same parties holding the original patent, upon which the reissue is based, to be invalid, if the reissue patent is for the same invention as the original patent." However, this argument is in conflict with the reissue statute (35 U.S.C. § 251), which provides that the PTO shall, upon compliance with other provisions, "reissue the patent for the invention disclosed in the original patent" when "any patent is . . . deemed wholly or partly . . . invalid."



(Miller, J., concurring); *Bourns, Inc. v. United States*, 187 U.S.P.Q. 174 (Ct. Cl. Trial Div. 1975), *opinion adopted per curiam*, 537 F.2d 486, 199 U.S.P.Q. 256 (Ct. Cl. 1976); see *Technograph Printed Circuits, Ltd. v. Methode Electronics*, 484 F.2d 905, 908-09, 179 U.S.P.Q. 206, 208-09 (7th Cir. 1973). Moreover, unlike the above-cited precedents, this appeal involves a reissue patent which the PTO has reexamined and issued, presumably after consideration of the prior art on which the original patent was held invalid.<sup>17</sup> Thus, to the reissued claims, a presumption of validity has attached. 35 U.S.C. § 282. Recognizing that this court's review must take into account the differences between the claimed inventions of the Hall Reissue and the Hall Patent, we now consider the holdings of invalidity in the prior litigation.<sup>18</sup>

#### A. Obviousness under 35 U.S.C. § 103

The Court of Claims in *Westwood Chemical, Inc. v. United States*, *supra* at 1375,<sup>19</sup> indicated how, when faced with a prior holding of invalidity for obviousness, a court should determine whether the unadjudicated claims are substantially identical to the adjudicated claims:

In approaching that question, it should be noted that, while it is convenient to refer to the "issue of patent validity," that can be misleading. Where obviousness is

17. However, as discussed *infra*, Continental argues that there was no consideration by the PTO of the prior decision of invalidity by the district court.

18. We need not consider the holding of invalidity of Hall Patent claims 1-4 and 7 under 35 U.S.C. § 102, because those claims were cancelled in the prosecution of the Hall Reissue; and claim 5, which was narrowed in the reissue prosecution, was not held invalid under that section.

19. Trial Judge Cooper's opinion, 186 U.S.P.Q. 383, 389 (1975), was adopted *per curiam*.

the basis for the prior invalidity holding, an inquiry into the identity of the validity issue is more properly phrased in terms of the factual inquiries mandated by *Graham v. John Deere Co.*, 383 U.S. 1, 17, 86 S.Ct. 684, 15 L.Ed.2d 545 [148 U.S.P.Q. 459, 466-467] (1966), as a prerequisite to such a validity determination. Thus, the inquiry should be whether the nonlitigated claims present new issues as to the art pertinent to the nonlitigated claims; as to the scope and content of that art; as to the differences between the prior art and the nonlitigated claims; and as to the level of ordinary skill in that art. If none of these inquiries raises any new triable issues, then the obviousness determination in the prior proceeding should be equally applicable to the nonlitigated claims.

... If they are of identical scope, it readily follows that no new issues bearing on the obviousness determination are presented. On the other hand, such a comparison may reveal some differences of a substantive nature. In that event, it will be necessary to go a step further and determine whether those differences are of a kind that would have been itemized in a *Graham* analysis as a difference between the claim and the prior art, or whether it was known in the prior art and is only a part of the claimed combination as a whole that provides the context in which the obviousness determination is made. If it is only of the latter character, *i. e.*, it is known in the prior art and does not alter the issue as to the differences between the claimed subject matter and the prior art, it is still necessary to assess the importance of the difference to the combination as a whole since it is from that standpoint that the obviousness determination must be made. [Citations omitted.]

The following limitation in Hall Reissue claim 5 is not found in Hall Patent claim 5:

*whereby the key carried by the external cap functions as a tab against which the thumb is pressed in a generally upward direction to remove the external cap from the container and functions additionally as a key for cooperation with the key recess of the internal closure to thereby permit the internal closure to be removed from its position within the opening of the container.*

Claim 8, which was added as a new, independent claim during the reissue prosecution, contains comparable language directed to the dual function of the abutment as a key and a thumb tab. In the previous case, this court agreed with Plastic that such a dual function was not shown in the cited prior art, but held Plastic's claims invalid for obviousness because of Plastic's failure to claim this dual function and to thus distinguish its claims over the prior art. From the opinion, Plastic could reasonably draw a suggestion to further limit its claims by incorporating in them this dual function feature. We are persuaded that this feature in the unadjudicated Hall Reissue claims is of such significance as to require a new analysis of these claims as prescribed by *Graham v. John Deere Co.*, *supra*. Therefore, we conclude that the claimed invention of the Hall Reissue cannot be considered substantially identical to the claimed invention of the Hall patent for purpose of collateral estoppel.

#### B. Indefiniteness under 35 U.S.C. § 112, 2d paragraph

This section requires that there be claims "particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention." It is es-

entially a requirement for "precision and definiteness of claim language." *In re Conley*, 490 F.2d 972, 180 U.S.P.Q. 454 (C.C.P.A. 1974); see *Hinde v. Hot Sulphur Springs, Colorado*, 482 F.2d 829, 837, 178 U.S.P.Q. 584, 588 (10th Cir. 1973). If the scope of the subject matter embraced by a claim is clear and if the applicant has not otherwise indicated that he intends the claim to be of a different scope, the claim satisfies this requirement. *In re Borkowski*, 57 C.C.P.A. 946, 952, 422 F.2d 904, 909, 164 U.S.P.Q. 642, 645-46 (1970). In other words, claims must make "clear the subject matter from which they would preclude others." *In re Hammack*, 57 C.C.P.A. 1225, 1230-31, 427 F.2d 1378, 1382, 166 U.S.P.Q. 204, 208 (1970).<sup>20</sup>

As related above, in the earlier district court opinion, the court concluded that the term "coincident," as used in the claims ("said external cap carrying a key at a location not coincident with the location of said key recess") is indefinite.<sup>21</sup> However, we conclude that any ambiguity or indefiniteness has been rectified in new claim 5.<sup>22</sup> With the additional claim language, it is now clear that the abutment key carried on the lowermost part of the skirt of the external closure cap is located in such a position that it can

20. For purposes of section 112, 2d paragraph, only the claims are examined; it is improper for a court to read the specification and come to its own conclusion regarding what the applicant regards as his invention. *In re Ehrreich*, 590 F.2d 902, 906-07, 200 U.S.P.Q. 504, 508 (C.C.P.A. 1979); *In re Borkowski*, *supra*.

21. The court, noting the dictionary definition of "coincident" as "the occupation of the same position in space," found a "manifest tendency toward ambiguity" in the quoted phrase because, in answer to an interrogatory, Plastic stated that this phrase means that "the recess is at the top of the container assembly, while the key is at the side of the container assembly"; whereas, at trial, Plastic's expert testified that the phrase means that the key is "axially offset from the key recess," employing the vertical axis of the container as the reference line.

22. There is no problem of indefiniteness with claim 8 since that claim does not include the term "coincident."

function "as a tab against which the thumb is pressed in a generally upward direction to remove the external cap from the container." Such a position is necessarily removed from the recess or aperture in the safety plug. Thus, the ambiguity found by the district court has been eliminated. Moreover, in light of the additional claim language, the statements of Plastic and its expert witness (see *supra* note 21) appear consistent.

*C. Lack of description under 35 U.S.C. § 112, 1st paragraph*

To satisfy the description requirement of this section of the statute, an application must contain sufficient disclosure, expressly or inherently, to make it clear to one skilled in the art that the patentee was in possession of the claimed subject matter at the time of the filing of the application. *In re Mott*, 539 F.2d 1291, 1296-97, 190 U.S.P.Q. 536, 541 (C.C.P.A. 1976); *In re Smythe*, 480 F.2d 1376, 1382, 178 U.S.P.Q. 279, 284 (C.C.P.A. 1973). For essentially the same reasons that the language added to Hall Reissue claim 5 is sufficient to rectify any ambiguity or indefiniteness, we conclude that it enables appellant's specification to meet the description requirement of 35 U.S.C. § 112, first paragraph. We merely add that the additional claim language demonstrates the correspondence of the phrase in the claims ("at a location not coincident with the location of the key recess") with statements in the specification (column 1, lines 42-57):<sup>23</sup>

The outer closure is provided with a tab or key, preferably integral therewith and which is inserted into

23. It is not necessary that the language of the claims be described in haec verba in the specification in order for the description requirement to be satisfied. *In re Smith*, 481 F.2d 910, 178 U.S.P.Q. 620 (C.C.P.A. 1973).

a complementary aperture in the plug. The key is slightly rotated and is then pulled, thereby dislodging the plug. . . . Specifically, the key tab is an integral part of the outer closure to thereby preclude loss of the key. Further, it not only performs the function above described, but additionally serves as an abutment against which the thumb of the user may be placed to effect dislodgment of the closure from the container.

So, too, with the summary of the subject matter of the application in the abstract:

A safety container closure for small plastic medicine bottles. A plug is inserted into the top or neck, in a tight friction-fit. The plug carries a key recess. An outer cap fits over the top of the container, and carries a key molded to it. The key is placed into the recess, and the plug engaged for withdrawal.

*D. Failure to disclose the best mode under 35 U.S.C. § 112.*

This section requires the application to "set forth the best mode contemplated by the inventor of carrying out his invention." Such a disclosure is calculated to insure that the public will receive the benefits intended in exchange for the grant to the patentee of limited economic privileges. *Union Carbide Corp. v. Borg-Warner Corp.*, 550 F.2d 355, 193 U.S.P.Q. 1 (6th Cir. 1977); *Ziegler v. Phillips Petroleum Co.*, 483 F.2d 858, 177 U.S.P.Q. 481 (5th Cir.), *cert. denied*, 414 U.S. 1079, 180 U.S.P.Q. 1 (1973). There is no requirement that the "best" mode disclosed in fact be the *optimum* mode of carrying out the invention. "Even if there is a better method, his [the patentee's] failure to disclose it will not invalidate his patent



if he does not know of it or if he does not appreciate that it is the best method." *Benger Laboratories, Ltd. v. R.K. Laros Co.*, 209 F. Supp. 639, 644, 135 U.S.P.Q. 11, 15 (E.D. Pa. 1962), *aff'd per curiam*, 317 F.2d 455, 137 U.S.P.Q. 693 (3d Cir.), *cert. denied*, 375 U.S. 833, 139 U.S.P.Q. 566 (1963).

In the previous litigation, the district court concluded that the best mode of carrying out the invention claimed in the Hall Patent was not set forth because the "inventor Hall knew, at the time of filing his patent application which ultimately matured to the patent here in suit, that it was of advantage to provide ribs on the skirt portion of the stopper or internal closure, and that this provided advantage over internal closures carrying no such ribs." Continental argues that, because "the specification and drawings in the reissue application, and in the application which culminated in the issuance of the original Hall patent, are identical, the documents contain identical deficiencies which were found fatal by the Trial Court in the initial litigation"; that, therefore, collateral estoppel based on the prior holding of invalidity due to failure to set forth the best mode is proper. The theory of Continental's argument is that, absent a change in the specification or drawings of the original patent during reissue prosecution, a holding that there was a failure to set forth the best mode cannot be overcome. However, this simply overlooks that it is the best mode of carrying out the claimed invention that must be set forth pursuant to section 112. *Dale Electronics, Inc. v. R.C.L. Electronics, Inc.*, 488 F.2d 382, 389, 180 U.S.P.Q. 225, 229-30 (1st Cir. 1973) (best mode requirement was satisfied by disclosure of "a specific material that will make possible the successful reproduction of the effects claimed by the patent"); see *Weil v. Fritz*, \_\_\_\_\_ F.2d \_\_\_\_\_, \_\_\_\_\_ n.11, \_\_\_\_\_ U.S.P.Q.

\_\_\_\_\_, \_\_\_\_\_ n.11, No. 79-534, slip op. at 10 n.11 (C.C.P.A. June 28, 1979); *Maxon v. Maxon Construction Co.*, 395 F.2d 330, 334-35, 158 U.S.P.Q. 77, 80 (6th Cir. 1968). The new language added to claim 5 (and incorporated in claim 8) has narrowed the scope of the claimed invention to a safety container that features an abutment on the external closure cap having the dual function of a key and a thumb tab. Whether there are ribs on the skirt of the safety plug is irrelevant to this critical feature of the Hall Reissue claimed invention. Moreover, since this feature is clearly described in appellant's specification, we conclude that the specification meets the best mode requirement of 35 U.S.C. § 112 for the Hall Reissue claimed invention,<sup>24</sup> and that this is so regardless of the fact that the same specification may have set forth the best mode for carrying out the invalidated Hall Patent claimed invention.

In view of the foregoing, we hold that Plastic is not collaterally estopped from asserting the validity of claims 5 and 8 of the Hall Reissue.

24. See the portion of the specification (column 1, lines 42-57) and the abstract quoted *supra*. See also column 2, line 62 to column 3, line 12:

In use, with the container 10 closed or sealed as indicated in FIG. 2, when it is desired to open and obtain access to the contents, the user grasps the container in one hand and with the thumb or other finger of the other hand pushes upwardly against the bottom surface of the key tab 44. This causes the closure to undergo displacement, with the bead 42 sliding over the bead 16. After the closure 36 has been entirely removed, it is manipulated as shown at FIG. 4 so that the key tab is opposite the opening 28. After insertion, as shown at FIG. 5, the closure cap 36 is rotated in a clockwise direction so that the outwardly flaring tips 49 assume a position underneath and slightly beyond the ends of slot 32. In this position, the closure 36 is now pulled and the plug 22 thus removed from the container. For replacement, the plug and top snap cap 38 are separated and the plug is first placed into position and then the cap snapped on, the bead 42 being pushed below the bead 16.

(2) *Issue of Fraud on the PTO*

In the district court proceeding, Continental argued that Plastic is precluded from enforcing the Hall Reissue because it failed to discharge "the heavy duty of complete good faith, and full and open disclosure of all pertinent and material facts to the Patent Examiner during the prosecution of the reissue application." During that prosecution, Plastic furnished the examiner with copies of the unpublished Tenth Circuit opinion of October 30, 1974, and of the prior art references cited during the course of the litigation. However, it did not submit a copy of the district court's findings of fact and conclusions of law (although it specifically referred to the district court case in the discussion of the prior art). Continental now argues (brief at 31) that this failure resulted in the reissue patent being fraudulently procured, saying:

In prosecuting its application for Reissue Plaintiff [Plastic] misled the Patent and Trademark Office by telling the Patent Examiner that the basis for the holding of invalidity of the original patent was merely a technicality, namely that Plaintiff had failed to claim a combination key-thumb abutment. It is clear from a reading of this Court of Appeals' opinion in the prior litigation that this Court made no such "holding", and that the statement, taken from context in the appellate opinion, and upon which Plaintiff based his case for Reissue, was merely an offhanded dicta [sic]. Plaintiff, however, in this most deceptive fashion, told the Patent and Trademark Office only that the original patent was held invalid for anticipation, and that this Court had said that such anticipation could be avoided by adding to the claims language covering a combination key-thumb abutment.

... [Plastic's "misleading presentation" to the PTO] is, however, much compounded by the additional

fact that Plaintiff did not inform the Patent and Trademark Office that the original patent had also been held invalid on the grounds of obviousness, failure to disclose the best mode and indefiniteness. [Emphasis in the original.]

It is true, of course, that fraud in the prosecution of a patent (sometimes referred to as "inequitable conduct" or "bad faith") will, if established, result in the patent being held invalid and/or unenforceable. See *Precision Instrument Manufacturing Co. v. Automotive Maintenance Machinery Co.*, 324 U.S. 806, 65 U.S.P.Q. 133 (1945); *Admiral Corp. v. Zenith Radio Corp.*, 296 F.2d 708, 716, 131 U.S.P.Q. 456, 461 (10th Cir. 1961).<sup>25</sup> For a defense founded on fraud to succeed, both materiality and intent must be established.

In determining materiality, the courts are not in agreement on the test to be applied. Three different tests have been used. The first is the *objective* "but for" test, i.e., the misrepresentation was so material that, but for the misrepresentation, the patent not only would not have been issued but should not have been issued.<sup>26</sup> The second is the *subjective* "but for" test, i.e., the misrepresentation caused the examiner to approve the application for patent when he would not otherwise have done so.<sup>27</sup> Thus, the

25. See also Dunner, Gambrell, & Adelman, 3A Patent Law Perspectives §§ G.1[1]-G.1[2] (1979); Miller, *Fraud on the PTO*, 58 J. Pat. Off. Soc'y 271 (1976); Kayton, Lynch, & Stern, *Fraud in Patent Procurement: Genuine and Sham Charges*, 43 Geo. Wash. L. Rev. 1 (1974).

26. *Swift Chemical Co. v. Usamex Fertilizers, Inc.*, 197 U.S.P.Q. 10, 29 (E.D. La. 1977); *Corning Glass Works v. Anchor Hocking Glass Corp.*, 253 F. Supp. 461, 469, 149 U.S.P.Q. 99, 106 (D. Del. 1966), modified, 374 F.2d 473, 153 U.S.P.Q. 1 (3d Cir.), cert. denied, 389 U.S. 826, 155 U.S.P.Q. 767 (1967).

27. *American Cyanamid Co. v. FTC*, 363 F.2d 757, 150 U.S.P.Q. 135 (6th Cir. 1966); *Waterman-Bic Pen Corp. v. W.A. Sheaffer Pen Co.*, 267 F.Supp. 849, 856, 153 U.S.P.Q. 499, 504 (D. Del. 1967).

subjective test does not permit the reviewing court to conclude that, notwithstanding the misrepresentation, the patent was properly issued.<sup>28</sup> The third test has been labeled the "but it might have been" test, i.e., the misrepresentation in the course of the patent prosecution might have influenced the examiner.<sup>29</sup>

Recently, this court in *True Temper Corp. v. CF&I Steel Corp.*, ..... F.2d ....., ..... U.S.P.Q. ...., Nos. 76-2106, 76-2107 (10th Cir. May 31, 1979) (hereinafter "True Temper") had occasion to consider the defense of fraud in the prosecution of a patent application and made the following statement regarding the element of materiality of fraud (slip op. at 19-20):<sup>30</sup>

True Temper argues that information is material . . . only if the examiner would not have issued the patent

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28. As the U.S. Court of Customs and Patent Appeals said in *Norton v. Curtiss*, 57 C.C.P.A. 1384, 1405, 433 F.2d 779, 795, 167 U.S.P.Q. 532, 545 (1970):

It is our view that a proper interpretation of the "materiality" element of fraud in this context must include therein consideration of factors apart from the objective patentability of the claims at issue, particularly (where possible) the subjective considerations of the examiner and the applicant. Indications in the record that the claims at issue would not have been allowed but for the challenged misrepresentations must not be overlooked due to any certainty on the part of the reviewing tribunal that the claimed invention, viewed objectively, *should* have been patented. If it can be determined that the claims would *not* have been allowed but for the misrepresentation, then the facts were material regardless of their effect on the objective question of patentability. [Footnote omitted; emphasis in original.]

29. *Monsanto Co. v. Rohm & Haas Co.*, 456 F.2d 592, 172 U.S.P.Q. 323, cert. denied, 407 U.S. 934, 174 U.S.P.Q. 129 (1972); *Carter-Wallace Inc. v. Davis-Edwards Pharmacal Corp.*, 443 F.2d 867, 169 U.S.P.Q. 625 (2d Cir. 1971); *SCM Corp. v. Radio Corp. of America*, 318 F. Supp. 433, 449, 167 U.S.P.Q. 196, 207-08 (S.D. N.Y. 1970).

30. The court (slip op. at 14) also concluded that denial of enforcement of patents rests not only on intentional fraud on the PTO, but also where "misrepresentations [are] made in an atmosphere of gross negligence as to their truth."

"but for" the applicant's failure to disclose the information in question, and that this was not shown here.

We feel, however, that the Fee and Sutch affidavits were clearly shown to be material to issuance of the '690 patent.<sup>10</sup> We note that the trial judge

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<sup>10</sup>The Fee affidavit was submitted in an effort to overcome the Patent Examiner's initial rejection of True Temper's claims—a rejection based largely on his view that the perceptible differences between the Channeloc anchor and the pre-existing Williams patent were "of no significance and a variation in design within the realm of one skilled in the art." (IV App. 314). Although the patent was not granted immediately on receipt of that affidavit, the Examiner did state that "a showing that the [True Temper] anchor is more easily applied than prior art structures but maintains the prior art's holding character *would be influential* in the determination of patentability." (*Id.* at 326, emphasis added).

The Sutch affidavit was thereupon submitted together with remarks of counsel making reference to both the Fee and Sutch affidavits (*id.* 329, 343), and the subject patent was issued. It is reasonable to conclude that, had he known that the reported comparisons were inherently unreliable, the Examiner would have again denied the patent—at the least requiring True Temper to conduct more meaningful tests. [Emphasis added.]

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found that "[p]laintiff failed to disclose material facts to the Patent Office and submitted evidence which was



inaccurate, incomplete and misleading.' And the court found "the failure of plaintiff to disclose relevant information to be substantial in nature." Although the trial judge here did not phrase his findings in strict terms of "but-for" causality, see *Norton v. Curtiss*, *supra*, 433 F.2d at 795, we feel that the findings and the record here adequately support the denial of enforcement of the patent. See *Timely Products Corp. v. Arron*, 523 F.2d 288, 297-98 [187 U.S.P.Q. 257, 263-64] (2d Cir. [1975]); *SCM Corp. v. Radio Corporation of America*, 318 F.Supp. 433, 449-50 [167 U.S.P.Q. 196, 207-08] (S.D.N.Y. [1970]). *The withheld information was material in that it was relevant and clearly significant to the consideration of the application by the Patent Office. See Monsanto Co. v. Rohm & Haas Co.*, *supra*, 456 F.2d at 599-600 [172 U.S.P.Q. at 328-29]. [Emphasis added.]

The foregoing indicates that the *True Temper* court applied the subjective "but for" test and clearly did not apply the objective "but for" test. Although an argument can be made for the "but it might have been" test, we conclude that such a test is too speculative and that the more practical test is whether the examiner would have rejected the claims had he known all of the facts.<sup>31</sup> At the same time, the subjective "but for" test holds a patent applicant to the obligation of candor and good faith required because of the "paramount [public] interest in seeing that patent monopolies spring from backgrounds free from fraud or other inequitable conduct." *Precision Instrument Manu-*

31. The subjective test does not differ greatly from the "but it might have been" test. It looks to the *reasonable probability* that the misrepresentation caused the examiner to approve the claims; whereas the latter looks to the *possibility* that the misrepresentation would have caused the examiner to approve the claims.

*facturing Co. v. Automotive Maintenance Machinery Co.*, *supra* at 816, 65 U.S.P.Q. at 138.

On the facts before us, we are not persuaded that Plastic misrepresented to the PTO the previous holding of invalidity of this court.<sup>32</sup> Continental's argument that this court's holding in the previous litigation was not based on a mere technicality (failure "to claim a combination key-thumb abutment") does not overcome the fact that any representation by Plastic regarding this court's opinion was subject to an independent evaluation by the examiner who, as related above, was furnished a copy of that opinion.<sup>33</sup>

Moreover, we are not persuaded that it was Plastic's duty, under penalty of invalidation or nonenforcement of its reissue patent for fraudulent prosecution, to provide the examiner with a copy of the district court's decision. To the extent that the district court's findings of fact and conclusions of law were material to the prosecution of the reissue application, we regard it as decisive that the examiner was put on notice of the district court's opinion by the copy of this court's opinion and by Plastic's specific reference to the district court case during that prosecution. The examiner could readily have obtained a copy of the district court's opinion, along with the briefs, record transcript, exhibits, and other documents associated with the trial, from Plastic or from the district court itself. At the same time, the record does not disclose a reasonable probability that the examiner would have

32. This case is readily distinguishable from those fraudulent prosecution cases in which the existence of the relevant prior art was not even known to the examiner, who was thus denied the opportunity for an independent evaluation.

33. Continental's argument would effectively preclude an applicant from interpreting in good faith any legal precedent or any piece of prior art before the PTO.

rejected the claims had a copy of the district court's findings of fact and conclusions of law been submitted to him.<sup>34</sup> Accordingly, we hold that the Hall Reissue was not fraudulently procured.

### (3) *Intervening Rights Issue*

As related earlier, Continental argues that it has acquired intervening rights under 35 U.S.C. §252<sup>35</sup> and, thus, should not be held liable for damages for infringement of the Hall Reissue claims, saying (brief at 45):

In the instant case, it would be a travesty of justice and a denial of equity to hold that the Defendant herein [Continental] should pay any damages or compensation to this Plaintiff [Plastic] on the ground that the Defendant has infringed the reissue patent of the Plaintiff, when the Defendant made and sold only the same structure after the date of issuance

34. Because the Hall Reissue claims are significantly different from those of the Hall Patent, the necessity for making new factual determinations (such as required by *Graham v. John Deere Co.*, *supra*, on the issue of obviousness) would have been apparent to the examiner. Consequently, it is improbable that the examiner would have attached any importance to the district court's alternative holdings of invalidity. This conclusion is reinforced by the fact that, although the examiner was fully aware that there were alternative holdings of invalidity by the district court (argued by Continental to be clear from this court's previous opinion), he did not request further information.

35. Under 35 U.S.C. § 252, quoted in pertinent part in note 13, *supra*, an infringer has the unqualified right to continue to use or sell those infringing goods which were made, purchased, or used prior to the reissue grant, unless he infringes a valid claim of the reissue patent which was in the original patent. Also, the court may provide, to the extent it deems equitable, for either the conditional or unconditional continuation of the making, using, and selling of the infringing goods or process. We perceive Continental's argument to be directed to its continued right to make, use, and sell the infringing goods rather than its right to merely use or sell such goods made prior to the grant of the reissue.

of the reissue patent which it had been making and selling for at least four years prior to the time that the Plaintiff obtained its reissue patent, and which structure, in fairly and fully contested litigation between these same parties, was held not to be an infringement of the Plaintiff's originally issued, subsequently held invalid patent upon which the reissue patent is based.

This raises the question of whether equity requires that Continental be allowed to continue to make, use, and sell the infringing goods "for the protection of investments made or business commenced before the grant of the reissue."<sup>36</sup> Section 252 is an exception to the general grant to the reissue patentee of the right to exclude others from making, using, or selling the patented invention (35 U.S.C. § 271) and, as such, may only be invoked when equity requires.

The district court made no findings of fact on this question, and, assuming, *arguendo*, the truth of Continental's allegations, the record is insufficient for this court to determine whether equity requires that Continental be given the right to continue to infringe the Hall Reissue Claims.<sup>37</sup> On the basis of an affidavit of the president

36. In view of our decision on this question, it is unnecessary to reach such questions as: (1) whether intervening rights can apply to reissue claims which are narrower in scope than the original patent claims (compare *Corometrics Medical Systems, Inc. v. Berkeley Bio-Engineering, Inc.*, 193 U.S.P.Q. 467, 468 (N.D. Cal. 1977), and *Wayne-Gossard Corp. v. Moretz Hosiery Mills, Inc.*, 384 F. Supp. 63, 74-75, 183 U.S.P.Q. 601, 609 (W.D. N.C. 1974), modified, 539 F.2d 986, 191 U.S.P.Q. 543 (4th Cir. 1976), with *Wayne-Gossard Corp. v. Sondra, Inc.*, 434 F. Supp. 1340, 1362-63, 195 U.S.P.Q. 777, 796-97 (E.D. Pa. 1977), and *Wayne-Gossard Corp. v. Moretz Hosiery Mills, Inc.*, 539 F.2d 986, 990-91, 191 U.S.P.Q. 543, 546-47 (4th Cir. 1976)); (2) what, if any, effect did the prior holding of invalidity have upon Continental's intervening rights.

37. We assume the validity of the Hall Reissue claims which will be determined by the district court upon remand, as discussed *infra*.

of Continental which was attached to its motion for summary judgment, Continental alleges that it "embarked upon an extensive market investigation, and investigation of various types of safety closure," beginning in 1970; that its first "Med-Guard" safety closures<sup>38</sup> were produced and sold in August 1972, as were the Continental "Med-Vials" (the medicine containers); that, "[i]n the course of the market research and product research and development, including the patenting of certain other safety closure structures, Continental Plastics expended an amount of approximately \$33,000"; that, "[i]n tooling up for the initial production of the 'Med-Guard' safety closure structure, Continental Plastics invested approximately \$31,398";<sup>39</sup> that, in the first year of production, it invested \$9,872 in advertising the "Med-Guard" safety closure structure;<sup>40</sup> and that, as of early 1977, its "total investment in tooling and equipment necessary to manufacture, sort and sell the 'Med-Guard' safety closure structure was \$75,000."<sup>41</sup>

38. The "Med-Guard" safety closure includes an internal plug which fits in the mouth of the vial and an external cap which snaps over the outside of the vial at the mouth thereof.

39. From the record, it is not clear whether all or part of this initially "tooling up" figure is included in the cost of research and development which also would have been incurred prior to initial production.

40. Advertising and sales for the subsequent four years were:

Year	Advertising	"Med-Vial" Sales	"Med-Guard" Sales
1973	\$ 4,200.00	\$ 836,596	\$75,680
1974	\$ 3,000.00	\$ 797,567	\$63,257
1975	\$ 3,000.00	\$ 987,989	\$59,811
1976	\$17,000.00	\$1,088,153	\$49,740

41. It is the total investment "before the grant of the reissue" that may be protected, as equity demands; thus, any investment subsequent to June 15, 1976, is irrelevant to the consideration of intervening rights.

Continental seeks to continue to infringe the Hall Reissue and even expand its operations throughout the remainder of the life of the Hall Reissue without royalty fees or damages. This would effectively extinguish the patentee's rights under the guise of protecting the investment of an infringer. See *Wayne-Gossard Corp. v. Sondra, Inc.*, *supra* at 1363, 195 U.S.P.Q. at 797. Continental's activities in the safety closure field commenced subsequent to issuance of the Hall Patent in 1969,<sup>42</sup> and Continental has had the benefit of several years' production for which no damages can be assessed. During that time its sales greatly increased, possibly resulting in profits sufficient to recover what appears to have been a minimal investment.<sup>43</sup> Cf. *Wayne-Gossard Corp. v. Sondra, Inc.*, *supra*. Moreover, from the record it appears that other noninfringing goods can be manufactured from the same equipment currently being used to manufacture the infringing goods, so that not all of Continental's investment would be lost if it were precluded from infringing the Hall Reissue. Cf. *Wayne-Gossard Corp. v. Moretz Hosiery Mills, Inc.*, 447 F. Supp. 12, 16, 199 U.S.P.Q. 87, 89-90 (W.D. N.C. 1976), *after remand from* 539 F.2d 986, 191 U.S.P.Q. 543 (4th Cir. 1976).

42. Continental has presented no evidence that its activities were conducted in reliance upon the scope of the Hall Patent claims. See *Maxon Premix Burner Co. v. Mid-Continental Products Co.*, 279 F. Supp. 164, 163, 155 U.S.P.Q. 434, 445 (N.D. Ill. 1967). Absent such evidence, we need not consider the validity of Continental's argument that "a defendant who had acted upon the belief which was well founded that the original patent issued to the plaintiff was invalid, and had proceeded to invest large amounts in connection with the manufacture and sale of the accused device, thereby acquired intervening rights with respect to the plaintiff's reissue patent, and therefore could assert such defense against an infringement suit brought on the reissue patent." (Emphasis in original.)

43. Continental's alleged investment figures include marketing research as well as expenses incurred in obtaining patents on other devices.



In view of the foregoing and assuming the Hall Reissue is valid, we hold that Continental has not acquired intervening rights sufficient to justify continuing the manufacture of the infringing goods; nevertheless, equity requires that Continental be entitled to recoup its investment and to offset, against any infringement damages, the reasonable cost of converting or replacing its present equipment in order to produce noninfringing goods. *Id.* Because Continental's investments, expenditures, and recoupment through profits have not been proved with the requisite precision, and, further, because the reasonable costs of conversion have not been demonstrated, the case must be remanded for further proceedings consistent with this opinion with respect to these matters. *Cf. Wayne-Gossard v. Moretz Hosiery Mills, Inc.*, 539 F.2d 986, 991-92, 191 U.S.P.Q. 543, 547 (4th Cir. 1976); *Rohm & Haas Co. v. Chemical Insecticide Corp.*, 171 F. Supp. 426, 120 U.S.P.Q. 435 (D. Del. 1959).

#### (4) *Plastic's Cross-Motion for Summary Judgment*

As noted *supra* in the proceedings before the district court, Plastic cross-moved for summary judgment on infringement and validity. Because we conclude that the district court improperly granted Continental's motion for summary judgment, it is necessary to consider Plastic's motion.

##### A. *Infringement*

In "DEFENDANT'S ANSWER TO PLAINTIFF'S REQUESTS FOR ADMISSIONS UNDER RULE 36 OF THE RULES OF CIVIL PROCEDURE," filed February 22, 1977, Continental admitted that subsequent to June 15, 1976, it made, used, and sold a container ensemble on which claims 5 and 8 of the Hall reissue can literally be read.

It specifically admitted infringement of claim 8; and regarding claim 5, it said:<sup>44</sup>

The character of claim 5 of the reissue patent is not susceptible to precise determination or understanding. It is noted that claim 1 does not form any part of the reissue patent, and yet it is further noted that claim 5 refers to "the safety closure of claim 1 wherein", followed by a description of certain structure. It is thus not possible to determine to what structure claim 5 refers. It would appear that this claim is indefinite and incomplete on its face, and in such respect it is not possible to determine whether this claim "can literally be read" upon any container ensemble which the Defendant has made subsequent to June 15, 1976.

If claim 5 be interpreted to include all of the structural limitations from claim 1 of the original Hall patent, it is not believed that this claim can literally be read upon a container ensemble which the Defendant has made subsequent to June 15, 1976, if a key recess is interpreted to mean a hole formed through the internal closure in the manner that such recess is illustrated and described in the Reissue patent 28,861.

Further, if the structural limitations and description appearing in claim 1 of the original Hall patent be construed as incorporated into claim 5 of the reissue patent in suit, and if the second definition found in Webster's International Dictionary and the American Heritage Dictionary of the English Language be taken as the meaning of the word "coincident," then Defendant denies that claim 5 of Plaintiff's Reissue patent

44. Almost verbatim admissions were made regarding use and sale of infringing containers.

28,861 can literally be read upon any container ensemble which the Defendant has made subsequent to June 15, 1976.

If the term "coincident," as used in an integrated combination of claim 1 of the original Hall patent and claim 5 of the reissue patent, means that the recess is at the top of the container assembly while the key is at the side of the container assembly, such claim cannot be literally read on any structure which the Defendant has made since June 15, 1976.

If the term "coincident" appearing in claim 1, for purposes of attempting to answer this request for admissions, is assumed to mean "alongside" as it has been previously defined by Mr. Hall, the inventor, then claim 5 cannot literally be read upon any structure which has been manufactured or sold by the Defendant since June 15, 1976.

*If the term "coincident" as used in claim 1 of the original Hall patent, assumed for purposes of attempting to answer this request for admissions to be incorporated in claim 5, means "occupying the same position simultaneously," and provided that all of the limitations of claim 1 are so incorporated in claim 5, then claim 5 of the reissue patent in suit can be literally read upon container ensembles which have been made by the Defendant since June 15, 1976.*  
[Emphasis added.]

Since we concluded earlier that the language added to claim 5 during the reissue prosecution corrected any ambiguity regarding the definition of "coincident" and that claim 1 is specifically incorporated into claim 5, it is clear that infringement of claim 5 is admitted and that the district court should have entered summary judgment for Plastic on the infringement issue.

## B. Validity

Although we already have concluded that the adjudication of obviousness in the prior litigation has no collateral estoppel effect upon Hall Reissue claims 5 and 8, the question remains whether the subject matter as a whole of these claims would have been obvious to one of ordinary skill in the art at the time the invention was made. Plastic correctly states that the Hall Reissue claims are presumed valid (35 U.S.C. § 282); and this is particularly so where the PTO considered all of the prior art before the courts in the previous litigation. See *Scaramucci v. Dresser Industries, Inc.*, 427 F.2d 1309, 1313, 165 U.S.P.Q. 759, 762-63 (10th Cir. 1970). Nevertheless, Continental should have an opportunity to show the obviousness of the Hall Reissue claims by presenting to the district court additional prior art (not before the PTO) which it considers pertinent. See *Solder Removal Co. v. United States International Trade Commission*, 582 F.2d 628, 632, 199 U.S.P.Q. 129, 133 (C.C.P.A. 1978). The obviousness or nonobviousness of the Hall Reissue claims can then be determined in accordance with the analytical guidelines established by the Supreme Court in *Graham v. John Deere Co.*, *supra*.<sup>45</sup> We note that these guidelines do not require that, for a combination of known elements<sup>46</sup> to be nonobvious, the result achieved by the combination

45. This court's opinion in the previous litigation merely stated that because Plastic did not claim the dual function feature of the abutment key upon which it was relying, the claims were obvious. Contrary to Plastic's assertion, that opinion did not say that if the dual function feature had been claimed, the claims would have been nonobvious.

46. Most, if not all, inventions involve a combination of old or known elements. *Shaw v. E.B. & A.C. Whiting Co.*, 417 F.2d 1097, 1102, 163 U.S.P.Q. 580, 584 (2d Cir. 1969), *cert. denied*, 397 U.S. 1076, 165 U.S.P.Q. 417 (1970); *Reiner v. I. Leon Co.*, 285 F.2d 501, 503, 128 U.S.P.Q. 25, 27 (2d Cir. 1960), *cert. denied*, 366 U.S. 929, 129 U.S.P.Q. 502 (1961).

must be synergistic.<sup>47</sup> *Champion Spark Plug Co. v. Gyromat Corp.*, ..... F.2d ....., ..... U.S.P.Q. ...., No. 78-7556, slip op. at 3598-99 (2d Cir. 1979); *Republic Industries, Inc. v. Schlage Lock Co.*, 592 F.2d 963, 970, 200 U.S.P.Q. 769, 777 (7th Cir. 1979).<sup>48</sup> "If the level of skill of a person of ordinary skill in the pertinent

47. Although the court in *True Temper*, *supra*, slip op. at 26, correctly followed the *Graham* analytical guidelines, broad dictum in its opinion suggests, without discussion, a requirement of synergism. See also *Deere & Co. v. Hesston Corp.*, 593 F.2d 956, 963, 201 U.S.P.Q. 444, 449 (10th Cir. 1979).

48. The court in *Republic Industries* said (*supra* at 971, 200 U.S.P.Q. at 778):

In enacting section 103, Congress expressly mandated non-obviousness, not synergism, as the sole test for the patentability of novel and useful inventions: indeed, synergism is not even mentioned in the Patent Act of 1952. Moreover, as section 103 applies to all patent claims, there is no justification why patentability of a combination patent should be measured by a different standard than any other type of invention.

More importantly, when using the synergism approach to determine whether one element functions differently or whether the whole somehow exceeds the parts, one is required to look solely to the operation of the elements *after* they are combined. This analysis suffers from two defects. First, a test which looks exclusively to the functioning of the individual components after they are combined must necessarily be premised on the assumption that it is always obvious to take known elements and combine them. . . .

The second and more basic defect with synergism is that section 103 sets as the standard of patentability the non-obviousness of the invention "at the time the invention was made to a person having ordinary skill in the art. . . ." This provision therefore compels the courts to view the invention from the vantage point of the field of art at a specific point in time, i.e., the time the invention was made. See Rich, *Principles of Patentability*, 28 Geo.Wash.L.Rev. 393, 405-06 (1960). From this vantage point the critical question becomes whether the level of skill in the art was such that the combining of the elements in the manner claimed would have been obvious, not in retrospect, but at the time it was done by the inventor. As the Supreme Court stated in *United States v. Adams*, 383 U.S. 39, 50, 86 S.Ct. 708, 713, 15 L.Ed.2d

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art is such that the differences between the subject matter sought to be patented and the prior art would not have been obvious to that person, the test for nonobviousness is met." *Champion Spark Plug Co. v. Gyromat Corp.*, *supra*, slip op. at 3599.

Accordingly, the case must be remanded for determination, consistent with this opinion, of the question of obviousness of the subject matter as a whole of Hall Reissue claims 5 and 8.<sup>49</sup>

#### (5) Attorney Fees

In its August 5, 1977, order, the district court awarded Continental its attorney fees, apparently in accordance with 35 U.S.C. § 285, which states that "[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party." Entitlement to attorney fees arises from "such misconduct upon the part of the losing party as to constitute fraud on the Patent Office or [conduct] so unfair and reckless as to make it unconscionable for the prevailing party to sustain the expense of coun-

#### Footnote Continued—

572 [148 U.S.P.Q. 479, 483] (1966), a companion case to *Graham*:

It begs the question . . . to state merely that magnesium and cuprous chloride were individually known battery components. If such a combination is novel, the issue is whether bringing them together as taught by [the inventor] was obvious in the light of the prior art.

Synergism, however, precludes this analysis. Because synergism centers exclusively on the performance of the elements *after* combination and without regard to the obviousness or nonobviousness of *making the combination*, synergism does not comport with the *Graham* mandate to apply section 103.

49. We recognize Continental's right to raise at trial other questions regarding the validity of the Hall Reissue which have not been disposed of in this opinion.



sel."<sup>50</sup> *Q-Panel Co. v. Newfield*, 482 F.2d 210, 211, 178 U.S.P.Q. 521, 522 (10th Cir. 1973). The award of attorney fees under section 285 is compensatory rather than punitive. *Halliburton Co. v. Dow Chemical Co.*, 514 F.2d 377, 382, 185 U.S.P.Q. 769, 773 (10th Cir. 1975). Although the award of attorney fees is discretionary with the trial court, such an award is proper only when the case is exceptional. *Id.*; *Iron Ore Co. of Canada v. Dow Chemical Co.*, 500 F.2d 189, 195, 182 U.S.P.Q. 520, 524 (10th Cir. 1974).

It is apparent from the record that the district court set forth no conclusion of law that this case was "exceptional" within the meaning of section 285; nor did the court make any findings of fact that would support such a conclusion.

This, coupled with our holdings and conclusions set forth above, prompts us to hold that the district court's award of attorney fees to Continental was improper.

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50. In *True Temper*, *supra*, slip op. at 31-32, the court said:

where the plaintiff was aware of the obvious invalidity of his patent at the time he brought suit, *Tidewater Patent Development Co. v. Kitchen*, 371 F.2d 1004, 1013 [152 U.S.P.Q. 36, 656] (4th Cir. [1966]), *cert. denied*, 389 U.S. 821 [155 U.S.P.Q. 768 (1967)], or where the litigation once instituted was vexatious or unduly protracted, *Uarco Incorporated v. Moore Business Forms, Inc.*, 440 F.2d 580, 586 [169 U.S.P.Q. 263] (7th Cir.), *cert. denied*, 404 U.S. 873 [171 U.S.P.Q. 322 (1971)], the case may be deemed "exceptional" within the statute so that the prevailing defendant is saved from the undue hardship of bearing his own fees. See *Parker v. Motorola, Inc.*, 524 F.2d 518 [188 U.S.P.Q. 225] (5th Cir. [1975]), *cert. denied*, 425 U.S. 975 [190 U.S.P.Q. 172 (1976)]; *Seismograph Service Corp. v. Offshore Raydist, Inc.*, 263 F.2d 5 [119 U.S.P.Q. 146, *modified on rehearing*, 263 F.2d 24, 120 U.S.P.Q. 244] (5th Cir. [1959]); see also *L. F. Strassheim Co. v. Gold Medal Folding Furniture Co.*, 477 F.2d 818 [177 U.S.P.Q. 673] (7th Cir. [1973]).

## SUMMARY

The district court's denial of Plastic's cross-motion for summary judgment is reversed on the issue of infringement; its dismissal of Plastic's complaint and entry of summary judgment in favor of Continental are reversed; its award to Continental of attorney fees is reversed; and the case is remanded for further proceedings, consistent with this opinion, on the question of validity of the Hall Reissue and (in the event the presumption of validity of the Hall Reissue is not overcome by Continental) on the matters pertaining to Continental's intervening rights, discussed *supra*.

REVERSED and REMANDED